

South African Strikers Agree to Talk To Mine Officials on Ending Violence

Johannesburg — Officials of the Anglo American Corp., the largest mining company in South Africa, and the National Union of Mineworkers agreed Sunday to hold talks on eliminating violence during a strike by an estimated 335,000 black workers.

Cyril Ramaphosa, the union's general secretary, said the union's strike committee voted to continue the strike "until we have met all our demands," including a 30-percent pay increase. But he said the committee had accepted an offer by Anglo American to discuss the violence.

Mr. Ramaphosa said he was

gratified that Anglo American "has come to its senses" and has "stopped being arrogant" about the issue of violence.

However, he reiterated the union's claim that mine owners sought to smash the strike with the help of police. He said about 200 strikers had been arrested.

"We've observed a lot of barbaric acts that are escalating on the mines with a view to ending the strike and forcing miners to go back to work," he said.

Union officials said one miner underwent emergency surgery Sunday after being shot Saturday during a clash at the Matla coal mine east of Pretoria.

"The defense of strikers has now become imperative," Mr. Ramaphosa said. He refused to give details, but he said the strike committee had resolved that "our members will defend themselves."

Anglo American said Sunday that security officers had found explosives in a gold mine hostel they searched after a clash in which 24 black strikers were injured.

According to the company, guards at Veil Reefs, a gold mine 100 miles (160 kilometers) southwest of Johannesburg, entered the hostel Saturday to investigate reports that strikers were holding hostages.

It said the security men "came under repeated attack by a mob and were forced to retaliate" with tear gas and rubber bullets.

"No hostages were found, but a quantity of explosives and a petrol bomb were discovered," the company said.

Anglo American, which produced 39 percent of South African gold last year, has been the most seriously affected of the major mining companies by the strike.

In its message to the union, the company said that "force or the threat of force should not be used by management, the union or union members to prevent workers from striking peacefully or working normally."

The union is asking for a wage increase, danger pay, longer vacations and other improvements in benefits.



Striking miners express their support for the African National Congress, the South African guerrilla organization, after a clash with security guards at the Matla coal mine.

LANGE: No Major Changes Seen

(Continued from Page 1)

put up with a certain amount of pain in order to get this economy back on an even trail."

After the Labor government came to power in 1984, the New Zealand dollar was devalued by 20 percent, all controls on interest rates and on foreign exchange were removed, and a fundamental overhauling of the tax system was begun that included a 10 percent sales tax on goods and services. Agricultural subsidies were to be phased out over 3 to 10 years.

The result, generally, is that big

business and the cities are booming while rural areas are distressed.

At a campaign appearance last week in Geraldine, on South Island, an angry farmer tried to present the prime minister with a dead lamb as a protest.

Another refused to shake Mr. Lange's hand, saying: "You are just as big an idiot as you are on television."

New Zealand's military and nuclear policies attracted substantial campaign attention.

Mr. Bolger had said that, if elected, he would work to once again make New Zealand a full partner in the ANZUS alliance, informing allies of New Zealand's aversion to nuclear weapons and trusting them to respect that.

Law and order was also a campaign issue. Mr. Bolger contended that Labor's economic policies were responsible for an increase in crime and that the government, particularly Justice Minister Geoffrey Palmer, was soft on criminals.

Mr. Bolger charged that the government was responsible for the 1986 murder in Christchurch of Louis Broomfield, because of a change in the law that resulted in the early release from prison of the man who later killed her.

"He was the minister who changed the law to allow criminals out early," Mr. Bolger said of Mr. Palmer. "You New Zealanders have something to worry about, because you don't know how many criminals with great track records of sexual abuse, violent abuse, have been let out under Mr. Palmer's gentle system."

Mr. Palmer accused Mr. Bolger of "selective use of facts designed to create an impression that is contrary to the truth." The law referred to was introduced in Parliament in the last National Party government and Mr. Bolger voted for it, Mr. Palmer said.

GULF: Iran Invitation

(Continued from Page 1)

court of U.S.-flagged Kuwait tankers, witnesses said.

In Saudi Arabia, normal exports resumed from a major Saudi gas plant damaged by explosions and a five Saturday, oil sources in the region said.

They said ships had returned to berth at the offshore terminal of Arabian-American Oil Co.'s gas liquefaction plant at the eastern Saudi port of Ras al-Jaizim.

Saudi Arabia said four persons were injured when two explosions ripped through the plant.

Western diplomats reached by phone in the Saudi capital said they remained dubious of the Saudi account that the explosion was not the result of Iranian-inspired sabotage.

The Assad canal, an amphibious assault ship that was said to have slipped past Iranian Silkworm missile sites at the entrance to the Gulf on Saturday, is anchored 30 miles (50 kilometers) northeast of Bahrain.

(Reuters, AP)

SOVIET: 'Restructuring' Comes to Russian Heartland

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have always worked hard at my job."

This mixture of hope and skepticism in the provinces was apparent from conversations and interviews during a two-week trip across the Russian Republic.

As Stavropol inhabitants point out, the people in the northern Caucasus differ from the population of central Russia. Historically a frontier area where serfdom never took root, the region attracted bolder types: Cossacks, runaway peasants, followers of religious sects, young army officers looking for adventure in the frontier areas.

In local minds, history explains a greater willingness to take the initiative here, an impatience with set modes of behavior, a more open, less suspicious nature than among central Russians.

This background may explain Mr. Gorbachev's own political style. He grew up in the northwestern part of the territory, in the village of Privolnoye, where his mother still lives.

Like Mr. Gorbachev, who also made his career in agriculture, Mr. Ryndin has witnessed the ups and downs of Soviet farm policy, a roller coaster that has lurched through crash programs, miracle crops, disasters, monumental irrigation schemes, growing subsidies and tight controls from the center.

"We were only nominally the masters of the land," Mr. Ryndin said. "You have to imagine the mistakes, the stagnation that we had."

"It was," he added, "so overplanned that local leaders could not act or think for themselves."

"To some extent, I myself was frustrated. I couldn't see what lay ahead. Now day and night I think about how to earn more money, because now the government has made me responsible."

He cited examples of the results reaped on his *kolkhoz* or collective: 500 tons more milk than last year; savings of 500,000 rubles (\$175,000) in the first five months this year through economizing measures; a profit of 2.1 million rubles in 1986 against an annual average of 1.2 million during the previous five-year plan.

Working harder is one view of restructuring. Another is the expectation of better quality in goods and services, which are still at a woeful level across the collective. In the minds of economists in Moscow, the two are inextricably linked, on the local level the stick is still more apparent than the carrot.

Many people still find it uncomfortable to take the initiative. In the Ukraine, the press reported cases this spring of farmers awaiting orders from above as the critical planting season slipped away.

And two years after perestroika began, large areas are still bedeviled by basic shortages. In Magnitogorsk, for instance, meat and butter are rationed — 1 kilogram (2.2 pounds) of meat, 400 grams (14 ounces) of butter a month per person.

As Mr. Gorbachev himself noted impatiently, people all over the country are complaining that despite all the talk, even the simplest problems are not getting solved.

Getting people motivated is a constant topic everywhere. The first step has been to break up vestiges of "wage leveling," a practice that allowed poor workers to receive the same pay as diligent ones.

Next year, a law goes into effect giving workers' councils the right to elect the directors of enterprises and a bigger voice in the distribution of earnings.

BAKER: U.S. Could Go Beyond Mine-Sweeping in Gulf

(Continued from Page 1)

is "well aware" of the potential threat of Iranian attacks on U.S. embassies or other installations and is working to counter it.

"I believe the United States government is well aware of the dangers involved and has taken appropriate steps to provide against them," he said in response to questions about reports that Iran may be preparing for a round of embassy attacks.

Mr. Baker said the United States

ARMY: Saudi Sale

(Continued from Page 1)

frustration and annoyance with Saudi Arabia that has been evident in Congress and that stirred such fierce opposition to the earlier missile sales. The hostility to the Saudi sale is rooted in perceptions that it seeks to maintain high prices for oil at the expense of the West, has been a negative force in efforts to pursue Middle East peace and has not been as helpful as it could have been to U.S. military and diplomatic efforts in the Gulf.

The critics said this resentment has not been alleviated by private administration assurances that the Saudis are cooperating in such areas as radar surveillance but have cast efforts to solve problems and the need to avoid an open confrontation with Iran.

In June, Congress briefly was swept by a wave of intense anti-Saudi feeling following unconfirmed reports that a Saudi pilot had refused to attack an Iraqi plane that seriously damaged the U.S. Stark, killing 37 sailors.

The most controversial part of the new package is likely to be the proposal to sell 12 to 14 of the latest F-15s. Opponents are expected to charge that it tantamount to providing the Saudis with an entire new squadron of planes valued at more than \$500 million.

However, administration officials said that the planes are intended to be "attrition aircraft" that would keep the Saudi fleet of F-15s at 60 planes by replacing aircraft that crash or wear out. The officials insisted that the administration believes it has an understanding, reached at the time of earlier F-15 sales, to provide such a cushion of replacement planes.

CRITIC: West German Food Critic Wages War — Heartburn Rampant

(Continued from Page 1)

Mr. Siebeck's ideas about quality have frequently caused trouble. In the early 1970s his diatribes in *Die Zeit* and *Stern* against German white wines prompted the German Winegrowers Association to pull all advertising from those publications for several years.

Mr. Siebeck wrote that it was "soda pop loaded with sugar," he said. "And it was now over 30 percent of the white wines are dry."

Older Germans seem to take particular affront at some of Mr. Siebeck's ideas, particularly his views on improving traditional German cuisine by using new techniques. That is fine with him.

"They write in and say our family has made its suetkaut with goose fat for generations," he said. "I go on TV and tell them, then you made it badly for generations."

"I write for the eccentric minority," he said, "the 6 to 8 percent of the population who have some grasp of culinary culture."

His first culinary work, published in 1976, carried the tongue-in-cheek title, "Cooking School for the Pretentious."

In subsequent books, Mr. Siebeck expressed his often-outrageous opinions on food and drink, as well as politics, art, music, history and culture.

"I'm a journalist who is a critic of the times, who views cuisine from a critical perspective," he said. "I'm very polemical, I continually agitate and protest. That's why many people hate me."

Siebeck hates got a great four years ago when he invited four well-known chefs to join him for dinner on a television special. The meal was, by his own admission, a catastrophe.

"I left the leg of lamb in the oven too long and it was very dry," he recalled. "The viewers loved it, seeing the table turned."

IRAN AND AFGHANISTAN PROTEST ATTACKS

TEHRAN (Reuters) — Iran said Sunday that Afghan forces had shelled an Iranian outpost and a customs building on their border, killing several Iranians.

The Iranian news agency IRNA said two buildings in the town of Taibed in Khorasan Province in northeast Iran were damaged. Iranian diplomats in Kabul had protested to the Afghan government about the attack, demanding compensation.

Meanwhile, Afghanistan accused Iranian forces on Saturday of shelling across its border in which it said four Afghan soldiers were killed and wounded. Kabul radio said a protest was lodged with the Iranian *d' Affaires* in the Afghan capital against what it described as missile, machine-gun and rocket attacks on three Afghan posts.

CHAD ARMY REPULSES LIBYAN ATTACK

NDJAMENA, Chad (Reuters) — Chadian troops repulsed a land and air attack by Libyan troops on the northern village of Azouz last week, and a Chadian military communiqué said 170 Libyan soldiers were killed.

The report, broadcast Saturday on Ndjamena radio, said another 34 Libyans were captured during two Libyan attempts to regain the town. A number of weapons were seized or destroyed in the attack. Friday, the communiqué added.

Azouz is the administrative capital of the Azouz Strip, a 4,000-square-mile (10,000-square-kilometer) stretch of desert claimed both by Libya and Chad. Chadian forces retook the strip Aug. 8, ending a 14-month Libyan occupation.

CAR BOMB IN SOUTH LEBANON KILLS

TYRE, Lebanon (AP) — A car bomb exploded Sunday morning in the southern port city of Tyre, killing three persons in the car and a policeman. They said the car, carrying 15 persons (33 kilograms) of explosives, went off at noon on the main street in Abbasiyah, about five miles (eight kilometers) north of Tyre.

The three occupants were killed, the police reported, as was a 14-year-old boy passing nearby. The Voice of the South, a radio station run by the Israeli-backed South Lebanese Army, said the bomb exploded near a checkpoint run by Ghanaian troops of the United Nations Interim Force in Lebanon.

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India	1,500	800	450
Italy	2,000	1,100	570
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Netherlands	4,500	2,300	1,400
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STRIKES: Widespread Labor Turmoil in South Korea Signals 'Time of Reckoning'

(Continued from Page 1)

eruptive, much more than in past demonstrations," he said. "But this time, in terms of mode of protest and demands, it's moderate, it's tamed."

So far, the cost to the South Korean economy also has been relatively modest. The government estimated last week that \$55 million in exports were lost during a 15-day stretch in late July and early August, hardly a dent in the more than \$25 billion in exports during the first seven months of the year.

But a nation as dependent on exports as Korea, which has prospered against all expert predictions despite its lack of natural resources, is sensitive to any threat of disruption. Newspaper editorialists, officials and businessmen have spared no rhetoric in warning of the consequences of continued unrest.

An aide to President Chun, for example, warned that workers were "asking for too much," adding that "in a sense the free-market, democratic system is in danger." If the unrest degenerates into "chaos and social disorder," he warned, Mr. Chun would have to step in.

The aide recalled the strikes of 1989, during the time known as the "Second Spring" when many Koreans thought democracy was at hand after the assassination of President Park Chung Hee. Citing the labor unrest as one reason, Mr. Chun, a general at the time, seized power in a coup.

This time, the aide said, Mr. Chun plans to step down peacefully, but continued unrest could jeopardize what would be the republic's first change of power through elections.

"I would like to emphasize that President Chun hopes those tough measures will not have to be taken," the aide said, "and he does not want the military to be involved in the political affairs of the country."

Some observers said the government and news media have exaggerated the unrest.

"For some people in the ruling camp, this labor unrest suits their needs," the Western diplomat said. "The hard-liners can say, 'This is what happens when you liberalize.' The Korean people aren't ready."

Still, Mr. Choi said, "It is really true that government authorities and employers are alarmed. It is

TRAVEL UPDATE

An American Airlines jetliner with 173 people on board was forced to return to the Frankfurt airport shortly after takeoff Sunday and minutes before emergency landing after one of its engines caught fire, an airline official said. No one was injured in the incident, the official said.

An Air India jumbo jet carrying 344 people aborted its takeoff from Rome's Leonardo da Vinci Airport after gun shells were sucked into the engines, airport and airline officials said Sunday. No one was injured in the Saturday incident.

This Week's Holidays

Banking hours and government services will be closed or curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Argentina, Belgium, Colombia, Gabon, Indonesia, Cambodia, Thailand, Vietnam, Yugoslavia.

WEDNESDAY: Afghanistan.

THURSDAY: Hungary.

Source: Morgan Guaranty Trust Co., Reuters.

Coalition Is Set for Hamburg State

HAMBURG (Reuters) — The Social Democratic Party and the Free Democratic Party have agreed to form a coalition government in the state of Hamburg, the first such coalition in West Germany in five years.

The agreement late Saturday ended three months of attempts by the Social Democrats to form a government following the Hamburg parliamentary elections on May 17.

The two parties, opponents in the federal parliament in Bonn, met through the formality of gaining approval from their national leadership before taking office in Hamburg on Sept. 2.

Yitzhak Shamir, left, with Shimon Peres at meeting Sunday

JERUSALEM (Reuters) — Israel delayed on Sunday for the second time a decision on whether to continue development of the Laviv fighter jet. The decision was postponed after Israeli military leaders to drop the costly project, a cabinet minister said.

After six hours of cabinet discussion, Prime Minister Yitzhak Shamir and Foreign Minister Shimon Peres, leaders of the governing coalition, agreed to postpone a decision, said Immigration Minister Yacov Tur. He said questions remained about the fighter jet, which has cost Israel about \$1.5 billion, most of it U.S. military aid, and about possible alternatives.

Political analysts said before the cabinet meeting that Mr. Shamir, who backs the Laviv, could delay a vote if he was unsure whether a majority would support the project.

Pilot Near AWO

WASHINGTON — The FAA is investigating a pilot's flight that ended in a crash Sunday. The pilot, a private pilot, was flying a Cessna 441 when it crashed into a field near a residential area. The pilot was not injured. The FAA is investigating the cause of the crash.

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Pentagon Building Computer Complex To Simulate SDI

By William J. Broad
New York Times Service

COLORADO SPRINGS — After a year of delay and dispute, the Pentagon has started building a billion-dollar computerized complex to supersede all other federal projects in the politically sensitive job of judging whether President Ronald Reagan's anti-missile plan is technically feasible.

Guarded by soldiers with M-16 rifles and a double row of barbed-wire fences, the complex, the National Test Facility, is assembling 2,300 computer and military experts to run what will be one of the world's largest collections of supercomputers, devices so fast they can perform billions of operations a second.

The aim is to create a powerful electronic brain that will simulate a wide range of futuristic battles between nuclear missiles and defenses against them, studying whether mock wars end in triumph or defeat for the United States.

Both friends and foes of such space-based defense programs agree that the National Test Facility could reach far beyond the piecemeal results of the administration's research, which to date has cost about \$10 billion. Indeed, the simulations are to draw on that vast research, conducted through the Strategic Defense Initiative Organization, and tie tests and findings into a unified picture.

At issue, however, is whether the testing system will provide accurate results and whether the Pentagon can introduce subtle biases into the process to produce what would amount to razzle-dazzle public relations.

But creators of the federal facility insist they are making every effort to assure realism and honest reporting, stressing that several steps have been taken to help eliminate error and bias.

"The SDI Organization recognizes that credibility is an important issue," said Colonel Richard R. Paul of the air force, former director of the National Test Facility. He was recently promoted to oversee it and other advanced Pentagon projects.

"The whole purpose," he said, "is to find out, 'Yes, it looks feasible,' or, 'Here's an area we tried to simulate and it looks like a very tough problem we might not be able to get by.' My experience in simulation is that there are always surprises."

At the Falcon Air Force Station, 12 miles (19 kilometers) east of Colorado Springs, on gently rolling grassland at the foot of the Rocky Mountains, the project of searching out those surprises is slowly taking shape.

All about are signs of great activity to come, including lots of people. At the main gate, armed soldiers watch over a maze of 20 soccer-to-be-computerized security portals that resemble public telephone booths. These portals will automatically weigh a person, scan a magnetic identification card, photograph the person's retina and compare the results with computer files as an identity check. If the test is passed, the portal door will swing open to allow entry to the top-secret station.

For now, the project is housed in the Consolidated Space Operations Center at Falcon, a windowless structure built from which the Air Force Space Command runs its network of military satellites.

The floor space is slowly being filled with computers and computerized work stations.

"They'll have maxed this space by 1989," said Colonel Bill Baugh, a retired officer who is director of public affairs at Falcon.



WET DAY IN THE WINDY CITY — Youngster playing in floodwaters that stopped traffic at an underpass in Chicago, where a record 9.5-inch rainfall forced scores of people to flee their homes and prompted a power cut for thousands of residences. Dozens of flights were delayed at O'Hare International Airport. A truck driver died in an expressway crash during the deluge, which occurred in a series of electrical storms late Thursday and early Friday.

Reagan to Defer Contra Arms Request Till Sept. 30

Compiled by Our Staff From Dispatches

WASHINGTON — Two high administration officials said Sunday that President Ronald Reagan will not seek new military funding for the Nicaraguan rebels before Sept. 30. But one of the officials said nonmilitary aid might be sought before that date.

The funding expires on Sept. 30, and we will not go up with a request before the funding expires," the president's national security adviser, Frank C. Carlucci, said after an appearance on an NBC television program. He was referring to the current \$100 million in military aid appropriated by Congress.

The White House chief of staff, Howard H. Baker Jr., appearing on a CBS program, made the same point, but he suggested that Mr. Reagan might ask for humanitarian aid for the rebels, known as contras, before Sept. 30.

Mr. Baker said that unless Nicaragua agrees to negotiate a cease-fire and accept Mr. Reagan's demand that democratic reforms get under way, "I feel it is virtually certain that the president will ask for additional military aid on or after Sept. 30."

The administration has been giving conflicting accounts of its policy in Central America. One White House official said last week that "we've been on all sides of this issue, and we're going to stay that way."

On Thursday, the White House stressed its support for the contras and said it would seek additional aid for the rebels next month, should the peace talks agreed to by five Central American nations stumble.

On Friday, the White House said there would be no formal aid request before the end of September. But White House aides made clear that discussions about aid, though not a formal request, would certainly start next month.

In his weekly radio address on Saturday, Mr. Reagan said, "Our support for the freedom fighters should continue until a satisfactory peace plan is in place, a cease-fire has occurred and a verifiable process of democratization is under way."

The Central American peace plan, advanced by President Oscar Arias Sanchez of Costa Rica and also signed by the leaders of Guatemala, El Salvador, Honduras and Nicaragua, calls for a halt in all aid to guerrilla groups.

Representative Lee H. Hamilton, an Indiana Democrat who is chairman of the House Intelligence Committee, said the administration was not giving the diplomatic effort time enough to work.

Mr. Hamilton told NBC that he believed the administration "is sincere in wanting to test the possibility of negotiations" but that it was not clear the White House was really supporting the peace plan adopted by the Central American presidents.

"We do have at this particular moment for the first time in a long time an opening for diplomacy and for negotiations," he said. "And I think we want to test that just as carefully as we can and to exploit it if possible."

(UPI, NYT)

Moscow Reports Leak During Nuclear Test But Denies Any Fallout

Compiled by Our Staff From Dispatches

MOSCOW — The Soviet Union has acknowledged that gas leaked during an underground nuclear test Aug. 2, but the announcement said there was no danger of radioactive fallout.

The announcement Saturday followed a report from officials in Norway of a small increase in the level of radioactive iodine in the air over Norway, Sweden and Denmark.

Norwegian officials said the increase may have resulted from a Soviet nuclear test but was in such small quantities that it presented no health hazard.

The official news agency Tass said the leak occurred during a nuclear test for military research on Novaya Zemlya island.

It said an inquiry into the leak was begun because of "incoming requests" and "claims circulated by the Western mass media, with the Americans being especially zealous in the effort."

The announcement added, "Competent organizations of the U.S.S.R. conducted an extra and complete check that showed that after the explosion, there took place the leak of an insignificant amount of gaseous products that did not lead to the formation of radioactive fallout."

"This excludes the possibility of radioactive fallout in any state as a result of this nuclear underground test. The population was not subjected in any danger of radiation effects."

A U.S. State Department spokesman, Charles E. Redman, said Thursday that the Soviet test had released radioactive debris in the atmosphere beyond Soviet borders.

He said it did not pose a health hazard but violated the 1963 Limited Test Ban Treaty prohibiting nuclear tests in the atmosphere, outer space or under water. He said Washington had expressed its concern about the matter to Moscow.

Typhoon Death Toll In Philippines Put at 48

The Associated Press

MANILA — The death toll from a typhoon that struck southeastern Luzon island last week rose to 48 on Sunday, and meteorologists warned that another typhoon was threatening to hit the northern part of the main Philippine island.

The weather service said a typhoon with winds of up to 75 mph (120 kph), was moving toward Cagayan Province.

Ending Snub, Soviet Plans Chagall Show

New York Times Service

MOSCOW — The first major exhibition in the Soviet Union of the paintings of Marc Chagall will open at Moscow's Pushkin Museum next month, according to one of the show's organizers.

The event will mark a posthumous official homecoming for an artist long slighted by his native land.

The exhibition coincides with the 100th anniversary of Chagall's birth in Vitebsk. It represents an important milestone in Mikhail S. Gorbachev's campaign to make the Soviet Union more receptive to nonconformist ideas and art.

Plans for the exhibition have not been announced in Moscow yet, but Andrei Voznesensky, who was instrumental in arranging the show, provided details in a telephone interview.

Although some of Chagall's paintings have been shown in the Soviet Union, his contribution to 20th century art — like those of Wassily Kandinsky, Kazimir Malevich and other members of the avant-garde before the 1917 Bolshevik Revolution — has not been officially recognized in the Soviet Union.

Vincent Persichetti, 72, U.S. Composer, Is Dead

New York Times Service

NEW YORK — Vincent Persichetti, 72, an American composer, educator, theorist, pianist and conductor, died of lung cancer Friday at his home in Philadelphia.

Mr. Persichetti wrote nine symphonies, chamber compositions for many combinations of instruments, more than a dozen sonatas for piano and harpsichord, songs and choral works, two operas, including "The Sibyl" based on the story of Chicken Little — and an enormous quantity of music for wind band.

Mr. Persichetti's aesthetic was essentially conservative, a distinctive blend of classical, romantic and modernist elements, contrapuntal, rhythmically charged and expertly scored. Although he modestly insisted that there were only two main strains in his work — one graceful and the other gritty — his musical imagination was in fact multifaceted.

"Following the lineage of Mozart, Mendelssohn and Ravel, Persichetti's music suggests the innocence and childlike joy of pure musical creativity," Walter Simons wrote in the New Grove Dictionary of American Music. "Hence many works for beginners stand, with neither condescension nor apology, alongside more difficult compositions."

Mr. Persichetti's works for chorus and for band — the latter an area many 20th-century composers have neglected — provided an engaging, sophisticated introduction to contemporary music for young musicians.

Mr. Persichetti was associated with the Juilliard School in New York for almost 40 years. He joined the staff in 1947, and in 1963 he became the chairman of the composition department.

Although he had been composing regularly since his early teens, he did not come to public attention until the mid-1940s, when the Philadelphia Orchestra, under the direction of Eugene Ormandy, began to play his music — the "Fables" for narrator and orchestra in 1945, and later the Symphony No. 3, first performed in November 1947.

Thereafter his compositions entered the repertoire of several American ensembles. The Symphony No. 5 (1953) was commissioned by the Louisville Orchestra; the Symphony No. 7 ("Liturgic," 1958) by the St. Louis Symphony; and his final work in this genre, "Tancidum," (1970) by the Philadelphia Orchestra.

Peter Schidlöf, 65, Violist With Amadeus Quartet
LONDON (Reuters) — Peter Schidlöf, 65, violist with the Amadeus Quartet, has died in Cambria in northwest England, the British Broadcasting Corp. reported Sunday.

Mr. Schidlöf, like the quartet's two violinists, was an Austrian Jew who fled from the Nazis in 1938. The quartet, formed in 1948, is believed to have been the oldest ensemble surviving with its original members.

Other deaths:
Norma B. Watson, 90, one of the first women to serve in the U.S. Marine Corps, Aug. 8 in Coatesville, Pennsylvania, after a stroke. She and other women who enlisted in 1918 to free men for combat duty, known unofficially as "marineettes," were assigned to clerical duties.

Monsignor Giovanni Cattani De Mennese, author of the Sunday Mass homilies broadcast by Vatican Radio and Italy's state-run RAI station, has died at the age of 83, Vatican Radio said Sunday.

Edgar Rosenberg, 62, husband of the comedienne Joan Rivers, Friday in his hotel room in Philadelphia, apparently a suicide by drug overdose. A publicist for Ms. Rivers said Mr. Rosenberg, executive producer of the short-lived "The Late Show Starring Joan Rivers," had been depressed recently.



Philip Habib

Habib Resigns As U.S. Envoy to Central America

Washington Post Service

WASHINGTON — Philip C. Habib, President Ronald Reagan's special envoy for Central America, has resigned.

State Department and congressional sources said he acted after the administration rejected his call for immediate, high-level U.S. involvement in peace talks between Nicaragua and its neighbors.

According to the sources, Mr. Habib, picking up on a suggestion made by Secretary of State George P. Shultz last week, had recommended that he go immediately to Central America and commit the United States to some form of participation in the peace initiative agreed to Aug. 7 by Nicaragua, Honduras, El Salvador, Costa Rica and Guatemala.

The sources said that the White House overruled his advice and ordered him to remain in Washington.

Mr. Habib left his State Department office before the announcement of his resignation on Friday and could not be reached for comment.

Murder on Rise in Calabria

The Associated Press

CITTANOVA, Italy — Police found the body of a 22-year-old man Sunday, bringing to 100 the number of murders this year in the southern region of Calabria, compared with 70 by this time last year. The authorities attribute at least half the deaths in a feud between organized crime families.

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Herald Tribune

Published With The New York Times and The Washington Post

Risks Without a Policy

American sailors and ships in growing numbers are at risk in the Gulf. To what purpose? At American request, Iraq holds off attacking Iranian shipping, so more oil leaves and more supplies arrive at Iranian docks. The fleet is the perfect foil for the radical demagogues in Tehran. Enjoying these benefits, the mullahs mine the path of American convoys and menace their Arab neighbors. These results are surely not what President Reagan intends. Yet his policy is so confused about intent, ends and means, that the administration takes on ever greater risks without much support or prospect of success. Mr. Reagan did not sort this out before departing on three weeks' vacation. Here are some considerations.

America's interests require preventing an unfriendly power from controlling Gulf oil. Oil represents money, arms and power that can be used to undermine everything from Western economies to Israeli security. The main threat to that interest is now Iran, far more than the Soviet Union.

The immediate purpose of the United States is to secure an end to the Iran-Iraq war with no victor. Stopping that war might reduce the volatility of the region, but would not remove the deeper problem—a regime in Iran bent on repression at home and subversion and terrorism abroad.

It was a mistake for the Reagan administration to put American flags on Kuwaiti tankers. Oil was flowing through the Gulf, and Kuwait could have been persuaded to deal with the problem without turning to Moscow. But now that the fleet is there, what next? A conciliatory American policy toward Iran would serve both sides' practical interests. Yet conciliation, already tried by France and by Mr. Reagan in trading arms for hostages, seems only to invite further Iranian aggression.

Positive containment of Iran, in essence the present policy, has some promise, as evidenced by the fact that Tehran has not yet rejected the United Nations' call for a

cease-fire in the Iran-Iraq war. But the present policy incites Iran to attack American assets indirectly, as with mines, in the hope of inducing Congress to force a withdrawal. It also leaves the initiative with Tehran, forcing Washington into a reactive stance. To face down Iran requires that Mr. Reagan take more active measures:

- Invoke the War Powers Act, and then present a coherent policy to earn Congressional backing. The act will give Congress 60 days in which to support the president or, in the absence of a plausible policy, halt the naval buildup.
- Press hard on West European allies and the Gulf states for unity and joint action. Halfhearted or covert support from Britain, France and the Gulf states has only encouraged the mullahs to pursue their tactics of intimidation. A solid phalanx of opposition is something that might be understood even in Tehran.
- Dispatch a senior envoy to Moscow and Beijing to gain a halt to their arms shipments to Iran. Neither has a long-term interest in arming such a disruptive force. That message should be conveyed by every Western leader in the strongest terms.
- Stress through every channel a readiness and capacity to respond to military attacks. Representative Les Aspin has noted that if Iran's "invisible hands" continue to place mines in the Gulf, perhaps other invisible hands can mine Iranian harbors, quickly halting Iran's oil exports.
- All this is essential to a workable policy. Without such a policy, the risks of further military improvisation are too high.

America's goal is to contain Iran until a less fanatic regime emerges. Military force is not by itself a strategy. The administration needs a plausible policy to build domestic support in Congress and diplomatic support abroad. Only then might Iran turn inward and confront the nightmare into which Ayatollah Khomeini has dragged it.

—THE NEW YORK TIMES.

The Boom Continues

Now commencing its sixth year, the long rise of the American stock market has become one of the great booms of financial history. Stock prices have reached altitudes responsible for an epidemic of nervous indigestion among investors, as investors brace themselves for the inevitable fallback. But, high though it has climbed, the market still is not quite as high as it was in the late 1960s.

One day in December 1968, the Dow Jones Industrial Average of 30 big companies closed at 985. Corrected for the massive inflation since then, that would be the equivalent of 3,150 today. In fact, the average is still a little short of 2,700. Perhaps the market in 1968 was a bit overpriced, but the present level does not break new ground. Stock prices are still recovering from the damage done by inflation in the 1970s.

The reasons for the present surge upward are not entirely clear, but that is not unusual in a speculative market. One important factor, new in the past five years, is certainly visible: foreign investment. Money managers in Japan and Europe have been enthusiastically buying American stocks. The attractions of the American economy still apparently outweigh the risks of the dollar's falling exchange rate.

But it is the relationship with inflation that makes the boom interesting. Until 15 years ago it was conventional wisdom that stocks were inflation-proof. They represent, after all, ownership in real assets: factories, machinery, inventories. Those values ought to be constant, regardless of an inflating dollar. But it did not turn out that way.

Inflation disastrously skewed and disoriented companies' accounting, confusing real profits with mirages created by an unstable currency. Most of the government's early attempts to fight inflation, beginning with President Nixon's disastrous price controls, were bad for industrial performance. By the summer of 1982, when the current boom began, the Dow Jones Industrial Average was less than one-third its 1968 value. The boom started at a point at which inflation was coming down, rapidly and convincingly, and the chief threat to the boom now is the evidence that inflation is beginning to accelerate again.

This boom is said to have generated \$2.2 trillion in new wealth for stockholders. It would be reassuring to think that some of that money was going into industrial development. Individuals can get rich by financial manipulation, but that is not how large countries raise their standards of living.

—THE WASHINGTON POST.

A Deal With Managua?

I know what all that palaver about Central American peace plans is about. It's a liberal scam. If those Sandinista Communists sign a peace agreement, they'll cheat, lie and not comply. And if they don't sign, they'll devote until American aid for the Contras expires. That's what this is all about.

Why are you so self-righteous? When it comes to violating treaties, we're not such innocents. Look at the contra war and our mining of Nicaraguan harbors. What this is really about is national interest. For the first time in years, negotiations are in everybody's interest, even the president's. He needs a diplomatic track to get Democratic votes for aid to the contra, so for a while there's an opening for diplomacy.

Sure, negotiations are in the Sandinistas' interest. They'll swear to hold elections, free the press, let the Catholic Church have its radio programs, all of that—until we stop funding the contra. Then, quick as you can whisper Fidel Castro, they'll be back to their real agenda. They want to be a Soviet base and want to subvert the neighborhood. The same folks who whopped it up for Ha Chi Minh are whopping it up for Comandante Ortega.

Let's not be glib. It was some of your folks who said Red China was pulling the strings in Hanoi. Now we know that the Vietnamese think of China much the way many Latin Americans think of us: darkly. Peace means bread and butter for Nicaraguans. My guess is that Ortega will go along with a peace treaty because he figures his crowd will get the credit—and can win a truly free election. If so, he's got an interest in complying with a treaty.

Right, but meanwhile the United States would doubly betray the contra. First, we'd deny them guns. Second, we'd be letting the Sandinistas rig an election that we would then have to recognize. Some deal.

—THE NEW YORK TIMES.

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OPINION

Candidates, Beware the Terrorism Trap

By Jeffrey D. Simon

SANTA MONICA, California — If America's 1988 presidential candidates draw the wrong lessons on terrorism from the Iran-contra hearings, they are likely to fall into the same terrorist trap that caught Jimmy Carter and Ronald Reagan. The temptation to win votes with tough talk about terrorism will be understandably great. But it should be resisted if the next president is to avoid the fate of the previous two.

The major terrorism lesson from the arms-for-hostages deal with Iran is not the most obvious "no negotiations, no concessions" to terrorists, or their state sponsors. Rather, it is, "Do not let United States foreign policy become subservient to the resolution of a terrorist incident."

The fact that presidents as different in ideology and personality as Jimmy Carter and Ronald Reagan both fell

victim to the terrorist trap should alert Americans to the need to tone down the national reaction to terrorism.

The tendency to create crises over terrorist incidents and to search endlessly for "solutions" has negatively affected U.S. foreign policy.

The last two presidents have allowed understandable compassion for the fate of American hostages to color their perception of what would be best for the nation as a whole.

In Mr. Carter's case, the search for a solution to the hostage situation in Iran led to a yearlong paralysis in American foreign policy. In President Reagan's case, the desire to win the release of hostages in Lebanon led to one of the more questionable foreign policy decisions in recent times.

The harsh reality about terrorism is that, try as one might, there are unfor-

tunately no solutions or ultimate victories. The numerous terrorist groups that exist around the world, and the large pool of available American targets—citizens, diplomats, military personnel—ensure that Americans will always be at risk to terrorism.

The irony of the arms-for-hostages deal is that even if it had "worked," on the very day the hostages would have come home, new ones could have been taken in Lebanon or elsewhere.

Another fact about terrorism that Americans have ignored is that despite efforts by governments to combat this threat, it takes only a single terrorist incident—a hijacking, a bombing, an assassination—to make it appear that the terrorists are "winning."

That is why viewing terrorism as a "war," or making statements that we will ultimately defeat the terrorists,

only plays into the terrorists' hands. What, then, can be done to break out of this terrorist trap?

First, a rethinking about terrorism is in order. Since terrorism for the most part does not pose a threat to vital U.S. interests, Washington needs to shift away from the practice of designing high-level policies for what are essentially low-level threats.

It should also avoid issuing grand doctrines and principles to guide responses to terrorism. Principles such as "irrefutable evidence" and "no negotiations, no concessions" serve only to reduce American flexibility in responding to terrorism.

Also beneficial would be a concerted effort by presidents and other government officials to avoid fostering an image of crisis in Washington every time terrorists strike. While there certainly cannot be a business-as-usual approach to terrorism, the tendency has been to go to the opposite extreme, as illustrated by the presidential address to the nation as soon as the hostages from the TWA hijacking were released in the summer of 1985.

The public, Congress and the news media will naturally demand strong action on the part of a president whenever terrorists attack American targets. And strong responses, including military raids, will be required at times to demonstrate American resolve.

But every terrorist incident does not require a response or deserve to be treated as a test of national nerve. Doing so only complicates the issue and gives terrorists the international platform that they desperately want.

If there has to be "tough" talk on terrorism during the presidential campaign, it is to be hoped that it would be that terrorism are not going to be allowed to influence the course and direction of American foreign policy. Otherwise it will be only a matter of time before the next president falls into the terrorist trap.



For Conscientious Objection in the Warsaw Pact

By Miklos Haraszti

BUDAPEST — In a resolution last March, the UN Commission on Human Rights acknowledged conscientious objection to military service as a universal right. It called upon member countries to stop imprisoning objectors and to create opportunities for alternative service. Since most Western countries recognize this right, it may seem that the West has little reason for concern.

However, if the West admits the right of conscientious objection and alternative service to the agenda at the Helsinki accords review process, it would force the communist countries to respect this freedom for the first time.

In Eastern Europe, civil rights movements have demanded the right of conscientious objection in recent years. The commission's resolution provides support for the many who are in prison or are threatened with imprisonment for their conscientious objection status.

Lenin, who built his revolution on soldiers tired of the Great War and eager to go home, decreed the freedom of conscientious objection in 1918. But soon afterward communist ideology grew hostile to this, and any right of conscience and has remained unrecognized ever since.

Only East Germany and Hungary permit unarmed military service on religious grounds. But not even this dubious alternative is considered an individual right. It is a bargain struck with certain favored churches. Both countries imprison objectors of other denominations, and all communist countries imprison those who request alternative civilian service.

Unlike the rights of speech and assembly, the right of conscientious objection does not necessarily concern everyone and cannot by itself lead to

the democratization of Eastern Europe. For that reason, Eastern governments faced with growing protest against imprisonment of objectors could split off this right from the others and grant it.

It is a positive sign that the Soviet Union and its allies abstained in the vote in the Human Rights Commission, especially since the resolution clearly criticized their practices. This abstention indicated the East European governments' fear of isolation on this issue.

Warsaw Pact rigidity on the issue has become increasingly untenable because of the growing number of objectors and, more important, because the objectors have begun to demand their rights publicly. The longer the Warsaw Pact's new détente campaign goes on, the more difficult it will be for its members to justify their hard line toward anti-militarists. That is especially the case in Poland and Hungary, whose governments want to maintain a liberal image.

The only armed conflicts in Europe in the last 40 years have occurred when the Soviet Union used Warsaw Pact armies to repress democratic ferment. Thus, objection to military service in the bloc is not only a matter of religious principle but also an indication of popular nonviolent democratic resistance and solidarity.

Human rights activists in East Germany, Poland, Czechoslovakia, Hungary and even in non-aligned Yugoslavia have focused on this right because they believe it can be obtained within the Helsinki process and that alternative service would set a significant precedent. It would, they

believe, acknowledge that the state's sovereignty over the individual cannot be absolute.

This breakthrough would require more than the natural attraction of the Western example. What we need is for the Western signatories to the Helsinki accords to embrace the universal right of conscientious objection, and for all Helsinki members to legalize conscientious objection and institute alternative service.

The easy verifiability of such an agreement makes it eminently suitable for the Helsinki framework: Either the objectors are in prison or their rights are being respected.

Diplomats should not regard this issue as marginal or as a matter of a country's internal affairs. If indeed the Helsinki spirit couples European security and the freedom of the individual, then the right of conscientious objection embodies this spirit. The absence of this right in the East is a threat to Western security: Can the Warsaw Pact's aims be truly seen as nonaggressive while it punishes its citizens for not wanting to look at other countries as enemies?

The resolution of the UN Human Rights Commission should become a test of Mikhail Gorbachev's peace and glasnost campaign. The Warsaw Pact would not be able to resist if its Western partners insisted on this issue during the current Helsinki review conference in Vienna. A new dimension in Eastern Europe would then open up—that of a guaranteed individual freedom.

The writer, a Hungarian social critic, is author of a book on the plight of intellectuals under communism that is soon to be published in the United States. He contributed this comment to The New York Times.

South Africa: 'Miracles Need to Be Encouraged'

By Anthony Lewis

BOSTON — A first step in resolving political conflicts is to get the opposing parties to talk to each other. That is often a formidable difficulty.

In the Middle East, Arab states refused for decades to talk with Israel; now a divided Israeli government rejects an internationally sponsored peace conference. As peace plans are floated for Central America, an immediate problem is the unwillingness of the Reagan administration to negotiate directly with Nicaragua.

And then there is South Africa, perhaps the most tormenting example of all. Its reality was brought poignantly home to me in a recent conversation with a noted victim of the apartheid system. He is Thebeuani Simon Farisani, dean of the Evangelical Lutheran Church in South Africa.

Dean Farisani has been detained without trial for four lengthy periods since 1977 in Vreda. That is one of the tribal homelands that South Africa has declared "independent" but that no other country recognizes.

During his first three detentions he was brutally tortured: hung upside down, given electric shocks, beaten. He suffered two heart attacks. Protests by Amnesty International and others helped win his release.

The most recent detention was from Nov. 22, 1986, to last Jan. 30. This time, he says, he was not physically assaulted. But he was questioned from five to 10 hours a day, and threatened

with death for himself and relatives. The effects on his mind were more traumatic. After his release he found that he could not concentrate.

For the last five months Dean Farisani has been at the Center for Torture Victims in Minneapolis. It is the third such center in the world, following others in Copenhagen and Toronto.

Dr. Barbara Chester, a psychologist who directs the Minneapolis center, said it was not unusual that psychological methods had a more traumatic effect on Dean Farisani. "He was evidently prepared for physical torture," she said when I telephoned her. "It didn't go to the core of his being. But the psychological techniques did."

Despite all that has happened to him, Dean Farisani believes in negotiations as the way out of South Africa's crisis. And he said the talks must be with the Afrikaners who control the National Party and the government.

"Blacks have never had any problem talking to Afrikaners," he said. "It's they who have had the problem."

"It's a long historical suicide note on the part of the Afrikaner; the refusal to talk. Today they have become a lonely wolf of 2.8 million in a nation of over 30 million—not so much because they are hated but because they have decided to isolate themselves from their fellow citizens."

President P.W. Botha has been determined to prevent talks with the principal anti-apartheid organization, the African National Congress. He excommunicated an unofficial group of Afrikaners who recently met ANC leaders abroad. The reason, Dean Farisani said, is that people will think differently if they actually meet the other side. "The ideology can only survive on ignorance."

Was there any real hope of negotiations? I asked Dean Farisani said there were three possibilities.

The most pessimistic was an escalation of violence. The second was the chance of strong support from the outside world, pushing the government to the negotiating table.

"The most optimistic," he said, "is the miracle option. I don't think the

last miracle was when Jesus turned the water into wine. There's still room for a South African miracle. But miracles need to be encouraged."

Dean Farisani is going back to South Africa this week. Even if he stays out of detention, he will immediately be caught up in the apartheid maze. He has been declared a citizen of Vreda, with no right to enter South Africa—or go to most of the 121 congregations he supervises.

He plans to return to the Minneapolis center for more treatment later in the year. Dr. Chester said that the five months he has been there so far were "a short time, given the trauma he went through."

I asked Dean Farisani what he thought would happen in South Africa. "If I had to choose," he said, "I would pick the miracle option. Then I wouldn't have to worry about detention or death. But I have to be realistic. What black South African knows what will happen to him the next day? Whites are not always horses, and therefore beggars cannot always ride."

The New York Times.

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The New York Times.

Support the Strike and Tough Sanctions

MINING is one of the most dangerous, bank-breaking occupations even in the best of circumstances. Under institutionalized racism it becomes an intolerable one, which is what the nationwide strike of black South African gold and coal miners is all about. According to the American Labor Education Center in Washington, 12 times as many miners are killed per million tons mined in South African mines as in the United States. Black miners live behind iron bars in walled compounds far from their homes and families.

The strike may be the most important labor conflict in South African history. The NUM and anti-apartheid groups are calling on concerned Americans to support the striking miners by supporting anti-apartheid legislation sponsored by Representative Ron Dellums, a California Democrat, that would ban almost all South African exports to the United States, including coal; by honoring the boycott of Shell Oil, which operates one of the mines being struck; and by contributing to the South African Miners Aid Fund.

—Syndicated columnist Coretta Scott King.

It is time for Congress to pursue full corporate divestiture and an end to all bank lending to South Africa. Partial sanctions have only partial results; the willingness of some countries to break UN sanctions against Rhodesia was a significant factor in prolonging that country's civil war. Comprehensive sanctions would have a chance to work. If rigorously enforced, they could put significant pressure on Pretoria to negotiate an end to apartheid.

Sanctions are a nonviolent alternative to doing nothing as South Africa inches toward civil war. The American people need not sit around and wait for politicians to act. It is only through grass-roots actions, like the ongoing international boycott of Royal Dutch-Shell and divestiture campaigns, that Congress will be moved to take stronger action, and that corporations, motivated by lost profits, will be moved to stop investing in apartheid.

Sanctions alone cannot eradicate apartheid; that task is ultimately left to the people of South Africa. But economic pressure and political isolation of the government can hasten the day when justice and freedom reign.

—Richard L. Troszka, president of the United Mine Workers of America and co-chairman of a national "Boycott Shell" Committee, in the Los Angeles Times.

IN OUR PAGES, 75 AND 50 YEARS AGO

1912: Rome Interested
ROME — The initiative taken by Count Benichold, the Austro-Hungarian Minister of Foreign Affairs, with the object of provoking an exchange of views between the Powers on the Balkan situation and which was communicated three days ago to the Italian Government, is being followed in Italy with great attention, and in official circles with sympathetic interest. Italy from the very first united her efforts with those of the other Powers in order to prevent Montenegro from taking aggressive action. While the war is still proceeding, she cannot exert direct pressure action in Constantinople. But Austria and the other Powers will be informed without delay of her adherence to the proposal, with the hope that the joint advice of the Powers may put a stop to the troubles in the interior of Turkey and strengthen the "status quo" of the Balkans.

1937: Shanghai Shelled
PARIS — Developments in the Sino-Japanese situation: Shanghai was subjected to a terrific bombardment by the Japanese to cover an attempt to land troops at the mouth of the Whangpoo River. The Izumo, flagship of the attacking fleet, withdrew after a torpedo had been fired at it. A spokesman of the Tokio Foreign Office confirmed reports that Japan's diplomatic representative in Nanking had been withdrawn. President Theodore Roosevelt and Secretary of State Cordell Hull conferred on the safety of Americans in China and the possible application of the neutrality law. Liners prepared to evacuate American women and children from Shanghai. The Federal Reserve ordered the closing of all American banks in Shanghai. It was announced that China had concluded a \$50,000,000 credit with Skoda Steel Works in Prague.



Clashes With Rebels Kill 18, Manila Says

Manila — The authorities reported Sunday that 18 persons were killed in battles between guerrillas and security forces over the past two days in the central and southern Philippines.

In Manila, meanwhile, President Corason C. Aquino faced protests over higher prices for gasoline and fuel oils.

It appeared that the price increases, ordered by the Energy Regulatory Board, could turn out to be the most important measure taken by the Aquino government in its 18 months in power.

A national organization claiming 200,000 public transport drivers as members said it would call a dawn-to-dusk strike Monday in Manila and five provincial cities to protest the nearly 20-percent increase.

Bonifacio de Luna, president of the Philippine Confederation of Drivers' Organizations, said he would go to the Senate on Monday to present a formal petition for a reversal of the price rise. He warned that his organization would hold a wider and longer strike if the petition was turned down.

In the central Philippines, rebels launched simultaneous attacks at dawn Sunday on two police stations on Negros Island, killing a police officer and a militiaman, the police said.

One of the raiding parties was led by a woman who was heard shouting "kill the police" before the rebels opened fire and tossed a

grenade at a police post three kilometers (two miles) from Bacolod, capital of Negros Occidental Province, the police said.

In the south, the military said 12 rebels and 2 soldiers were killed Saturday when a government patrol battled Communist guerrillas of the New People's Army in Bukidnon Province on Mindanao Island.

The military said two other rebels were killed and four were captured in a separate clash Saturday in Surigao del Sur Province, east of Bukidnon.

In Manila, reactions to the fuel price increase included a flood of telephone calls to a popular radio station, DZRH. Angry callers accused the government of callousness.

"Students, mothers, fathers should go out in the streets tomorrow and join the protest," said a caller who gave his name as Joe Garcia.

Two women callers said that if the government had made such a decision before the legislative elections in May, none of Mrs. Aquino's candidates for Congress would have won. The government party holds 22 of 24 Senate seats and more than 130 of the 200 seats in the House of Representatives.

For Hong Kong's Indians, 1997 Brings a Vision of Limbo

By Patrick L. Smith
International Herald Tribune

HONG KONG — They were there when British traders first hoisted the Union Jack over this dot of land 146 years ago. In the decades following, they went on to help found Hongkong & Shanghai Banking Corp., the colony's first university and a number of other still-prominent local institutions.

Hong Kong's 16,000 ethnic Indians have left an unmistakable mark on the community they quietly took part in carving out of barren rock. But historic legacies do not go far these days.

As things stand now, the Indian community of Hong Kong is about to fall through history's cracks. When China regains sovereignty over the colony in a decade, many of the community's members will not belong in Hong Kong, India or Britain.

"At the end of the day, we're running a serious risk of statelessness," said Michael Chugani, a local political commentator whose parents arrived from the subcontinent in the 1930s. "We really won't be citizens of anyplace."

For most of the territory's 5.6 million people, the expiration of Britain's colonial leases in 1997 means they will automatically become citizens of China. But because China bestows citizenship on the basis of racial background, Indian residents and smaller groups of Pakistanis, Malaysians and others will effectively be treated as visitors.

Leaders of the local Indian community mounted an intense lobbying effort last year to persuade

Britain to grant them full citizenship once Beijing assumes sovereignty. Rejecting this, British legislators offered only an unwritten commitment to accept Hong Kong's minority groups if citizenship problems arise after 1997.

More recently, hopes were pinned on the chance of a Labor Party victory in the general elections

change once again. Last year the British Parliament voted to turn Hong Kong BDTCs into "British Nationals Overseas," or BNOs, a status that gives them the right to live no one quite knows where.

China has agreed to permit non-Chinese BNOs to remain in Hong Kong as long as they have seven years' residence behind them. But the BNO passport, which has been recognized by about 27 nations since it was introduced, does not confer citizenship.

Britain is campaigning assiduously to win greater international acceptance for the BNO passport. Beneath the sense of resignation, a measure of bitterness lingers. As the Indians see it, they helped build an empire, growing rubber in British Malaya, now Malaysia, and sugar in Fiji. To East Africa

Chinese, are called "British Dependent Territory Citizens," or BDTCs, a designation that dates from 1981. As Hong Kong BDTCs, Indians and others have the right to live in the colony but not in Britain.

Because Britain is giving up the power to confer Hong Kong citizenship, however, their status is to

Britain held two months ago. British Conservatives, particularly under Prime Minister Margaret Thatcher, have traditionally been much tougher than their opponents on immigration issues. Indians in Hong Kong say.

Since Labor's resounding defeat, however, many Indians feel a profound sense of resignation.

"Labor win was our last best hope," said Lachman Narain, a well-to-do investor and property developer. Since the early 1960s, when most British colonies gained independence, the authorities in London have created a tangle of immigration categories intended to stem the flow of former colonial subjects into Britain.

At the moment, Hong Kong residents of Indian descent, as well as more than three million local

now Uganda and Kenya, they were brought in to build roads, piers and railroads.

"Wherever the Britishers went, we went also," said K. Sital, a financier of the import and export trade who arrived from India in the early 1950s.

Indians were first brought to Hong Kong to serve as soldiers, clerks and policemen. They quickly assumed prominent roles in the financial and trading communities.

After India's independence and the subcontinent's partition into India and Pakistan, a new wave of immigrants came, mostly from Sind, long renowned for its merchant class. About half of the territory's 16,000 Indian residents have retained Indian citizenship.

Although Hong Kong's Indian residents account for a minute fraction of the population, they are responsible for about 12 percent of the territory's overseas trade, by their reckoning.

Like many other Hong Kong residents, Indian executives say the object now is to cash in as fully as possible on the economic boom that Hong Kong is enjoying.

Many say they are willing to try living under the Chinese flag at least during the 50-year period of self-rule that Beijing has promised Hong Kong after 1997. But the sense of belonging that Indians feel they have earned over the past century and a half is fading.

"At the end of the day, you have to conclude that things don't hold much promise here," Mr. Chugani said wistfully. "People think it's time to make their own arrangements."

Tamil Rebels Halt Surrender Of Arms, Demand Security

Compiled by Our Staff From Dispatches

NEW DELHI — Sri Lanka's main Tamil guerrilla group has suspended its demand for weapons, demanding security for the Tamil population and closure of army camps, Tamil sources said Sunday.

The Liberation Tigers of Tamil Eelam made the announcement in the northern town of Jaffna on Saturday after complaining that Tamil civilians were being harassed by Sri Lankan troops in Eastern Province, the sources said.

Jodan newspapers quoted the Liberation Tigers' commander in Jaffna as saying that his organization would not lay down arms until it got "a guarantee about the safety of the people." There were no further details.

The sources said that senior Indian officials had been told in detail about the Liberation Tigers' demands and that discussions might be held with the group in Tamil Nadu, where it maintains offices, as well as in Jaffna.

The Sri Lankan government delayed its expected declaration lifting a state of emergency in Northern Province and Eastern Province.

A peace accord signed by Sri Lanka and India on July 29 provided that the state of emergency should end by Saturday at the latest. But officials said the two nations had agreed to postpone the move because the surrender of weapons by the Liberation Tigers and other guerrilla groups, also called for in the treaty, had been sporadic.

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In Sri Lanka, Monks' Saffron Robe Is Turning Into a Signal of Militancy

By Seth Mydans
New York Times Service

COLOMBO, Sri Lanka — In what could be a curious omen of violence, the authorities here have reported a run on saffron robes, the traditional garb of Buddhist monks.

In Sri Lanka, where the politically powerful priesthood has been at the forefront of much of the recent violence, the robe, traditionally an emblem of tolerance and peace, has become a signal of militancy.

With senior monks haranguing angry crowds and younger monks sometimes attacking police lines and throwing stones, secular agitators have also been reported to be donning saffron, the better to arouse emotions at demonstrations.

Senior monks deny that they support violence, but they also say that violence may be inevitable as they carry out what they see as their role as protectors of the Sinhalese, the majority ethnic group in Sri Lanka.

Although the mostly Buddhist Sinhalese make up 75 percent of the 16.5 million Sri Lankans, they

see themselves in larger terms as being under pressure from the Hindu Tamil ethnic group, and even from the smaller Moslem population of Sri Lanka.

This sense of threat from the minorities is at the heart of the tensions causing communal feuds that have produced sustained violence in the last four years.

In their fight for a separate state, Tamil guerrillas have received support from the much larger Tamil population outside Sri Lanka, including 50 million in southern India.

A Sinhalese political scientist, speaking of what he called "the 1,000-year war," said: "They are on the offensive. We are on the defensive."

"They will drive us into the sea," he said, "and we have no place to go. The Tamils can join their brothers in south India. The Moslems can go to the Arab world. The Sinhalese have no place to go. We are a nation under siege."

From Sri Lanka's earliest days, the protectors in this siege have been the monks, guardians of a culture whose roots are intertwined with the history of Buddhism itself.

It is said that when the Buddha was dying, he saw his teachings under threat from Hinduism and looked south to the island now called Sri Lanka as Buddhism's sanctuary.

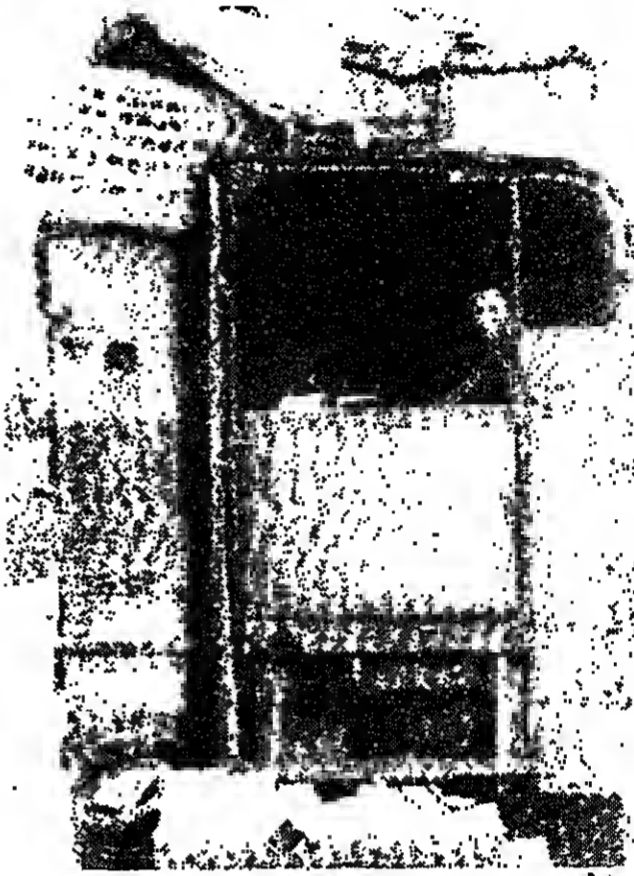
As the government takes steps to work out a compromise with the Tamils, who make up 15 percent of the population and are seen historically as encroaching from the north, the Buddhist clergy is fighting back.

"The monks are angry," said B. Wimalaratana, a senior Buddhist cleric and a lecturer at Sri Jayawardhanapura University.

"It has been traditional in the past for the rulers to consult the Buddhist clergy, and to listen to them," he added. "But now there are many occasions when the elderly monks had discussions with the president but he doesn't care."

A Sinhalese Buddhist scholar who disagrees with that view said: "The monks don't think that violence in defense of the Sinhalese race is anything bad."

Neelan Tiruchelvam, a moderate Tamil leader, said, "The basic virtues of compassion, tolerance and nonviolence have been subordinated



A traveler peers from a truck in Ho Chi Minh City. Officials now want tax breaks for private transportation.

Hanoi Allows Transport For Profit

BANGKOK — Vietnam has extended private enterprise reforms to allow private shipment of passengers and goods, a potential boon for the Communist state's ailing transportation network, the state radio said.

A reform recently announced in Hanoi encouraged private individuals or groups to operate vehicles for profit under state protection, the radio said Saturday.

It also encouraged officials and others who already have jobs to take a second job in private transport, according to a text of the radio broadcast received in Thailand.

The incentives include a half-year tax break and state protection for operators, who would be able to keep all after-tax profits.

Basic transport fees would be regulated for established routes but operators would be allowed to set their own prices for special services.

Since 1979, reformers in the Communist Party have been whittling away at some centralized controls.

Spain Finding Out How Macho It Is

By Paul Delaney
New York Times Service

MADRID — Spaniards do not spend much time sitting around drawing rooms debating whether Spain's is a macho society. That is a given.

But a clearer idea of what that means has emerged in the first large study in Spain of job discrimination and sexual harassment of women.

The survey drew immediate approval from feminists, an endorsement from the country's largest newspaper, and even agreement, amid yawns, from many men.

The report, by the women's department of the General Union of Workers, said 84 percent of the women in the survey had experienced some form of what they regarded as sexual harassment.

Nearly a third said they had been bothered by "unwanted physical contact," such as being pinched or brushed against, or by sexual solicitations and telephone calls. More than half said they had experienced unwanted nonverbal sexual advances, including obscene gestures and "lewd looks."

The survey questioned 772 workers in the government, at hotels, hospitals and factories, and white-collar employees such as journalists and flight attendants.

It found harassment by male colleagues was focused mainly on new employees and on those from 26 to 30 years old. Others reported to be singled out were women who were divorced, separated or widowed, and nonpracticing Catholics or atheists.

The researchers found discrimination in salaries and promotions mainly in manual-labor and blue-collar jobs and in the private sector. Many women said they believed they had been denied promotions because of their sex. Women who had been in their jobs four years or more and those over 40 years old made most of the complaints.

The study offers several recommendations, including new laws to prohibit sexual harassment and programs to make employers aware of their responsibilities.

It also recommends psychological support for victims and help for women in resisting harassment.

The report and recommendations are to be presented next month to the Cortes, or parliament, said an official of the women's department.

"The report bears out what we've been saying for years," said Montserrat Fernandez Garrido, a Feminist Party leader. "Whenever we've brought up the issue, nobody paid any attention. We're glad it has now seen the light of day."

DOONESBURY

INTERNATIONAL CLASSIFIED

(Continued from Back Page)

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REGISTRATION INFORMATION

The fee is \$595 (plus VAT at 15% £89.25, total £684.25) or the equivalent in a convertible currency for each participant. This includes lunches, a cocktail reception and post-conference documentation. Fees are payable in advance of the conference and will be returned (less £50 administration charge) for any cancellations postmarked on or before October 12. Cancellations postmarked later than October 12 will be charged the full fee. Substitutions may be made at any time.

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Royal Garden Hotel, Kensington High Street, LONDON W8 4PT. Telephone (441) 937 8900. Telex: 263151. A limited number of rooms has been reserved for participants at preferential rates. Reservations must be received by October 5. Please contact the hotel directly.

CONFERENCE REGISTRATION FORM

Please enrol the following participant for the Oil Conference.

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EUROBONDS

After Trade Data, a Tremor Or Two but No Catastrophe

By JONATHAN ENGEL

PARIS — In case you missed it, Sunday was the day of harmonic convergence. That's when crowds gathered in the United States and other countries to pool their spiritual powers and counteract the catastrophic vibrations that could doom the Earth within 25 years — that is, according to Mayan and Aztec legends.

The bond market equivalent of harmonic convergence was expected late last week, when strong Japanese demand at the U.S. Treasury auction was expected to coincide with better-than-expected U.S. trade figures and produce a period, if not of peace and enlightenment, than at least of higher bond prices.

The market soothsayers got the auction right: Japanese interest bought about 40 percent of the key 30-year bonds Thursday. The June trade figures on Friday were another story. Expectations that the deficit would narrow to about \$13 billion from around \$14 billion in May were dashed when the deficit weighed in at \$15.7 billion. Initially, as the dollar fell, so did the bond market, an unexpected convergence that left few singing.

But then the bond market bounced back, as some analysts and market operators disregarded the trade figures as a less-than-certain indicator for the path of the dollar and U.S. interest rates. There was also strong buying at the lower prices, partly by institutions that failed to get bonds during the auction.

The new 30-year bond, which had fallen as much as 1 1/4 points, ended Friday yielding 8.74 percent, an improvement from the 8.79 percent at Thursday's finish and the average auction yield of 8.89 percent.

As a result, while the short-term outlook for dollar bonds is still cautious, it is far from gloomy. But few analysts expect a rally lasting through the end of the year, as an expected increase in inflation is likely to prompt higher interest rates from the Federal Reserve Board.

For the Eurobond market, syndication managers say, the resilience of dollar bonds has heightened the chances of Belgium and at least one U.S. corporation launching sizeable fixed-rate dollar issues as early as this week.

MEANWHILE, last week's flow of Australian and Canadian dollar bonds may diminish, as the sharp improvements in the two countries' domestic bond markets have made funds there relatively cheaper, and increased the difficulty of launching a Eurobond based on a swap for a domestic borrower.

Even before the release of the U.S. trade figures, some analysts were uncertain about the Treasury auction results. The nagging doubt was whether there had been orders from Japanese insurance companies and trust banks behind the bids from the securities firms.

"The key question is whether those traders are going to be able to sell it to retail," said Karen Greenberg, a bond syndication manager at Morgan Stanley International in London. Because of the trade figures, she said, "I suspect that now it's going to be dumped right back in" the market for a quick profit.

At the previous quarterly refunding, in May, much of the surprise Japanese purchases of the long bond turned out to be buying by securities dealers to cover their earlier sales of bonds they did not yet own; they made a quick profit, but actually held flat positions. There had been little buying by Japanese institutions.

This time, the institutions appear to have been bigger players. "I think there was a very good demand," said Robert Brusca, chief economist at Nikko Securities Co. International Inc. in New York. "The retail investor in Japan did buy a lot of bonds."

In the May purchases, "short covering was a bigger portion than investment," said Yukio Okura, treasurer of Taiyo Asset Management of America, based in New York. But Mr. Okura, who represents an arm of Japan's eighth-largest life insurance company, said he believed that the buying last week "was for investment purposes."

The reason, he said, was that "the exchange rate from the yen to the dollar has stabilized compared with May." Even though U.S. government bonds now give a smaller yield gain of 3 1/2 percentage points over comparable Japanese securities from the 5 percentage points in May, the dollar has been trading steadily around 150 to 151 yen. In May it looked like it was faltering, at 140.

But with substantial price gains less likely in bonds, Mr. Okura and other Japanese investment advisers have been shopping in Wall Street. "We are looking at the U.S. stocks, compared with U.S. Treasuries," he said. "The market is very, very strong."

For the bond market, the fact that the trade figures showed a 5.8 percent monthly climb in imports but only a 1.6 percent rise

Currency Rates

Table with columns for Currency, Bid, Ask, and other rates. Includes entries for Amsterdam, Frankfurt, London, Milan, New York, Paris, Tokyo, Zurich, and various indices like ECU and SDR.

Closings in London and Zurich. Helms in New York. New York rates for a P.M. Close. Commercial banks. All amounts needed to buy one pound (1). Amounts needed to buy one dollar (1). Units of 100 (1). Units of 100,000 (1). Not quoted; N.A.; not available. Source: (*) To buy see notes; (**) U.S. 100.

Table with columns for Currency, Bid, Ask, and other rates. Includes entries for Australia, Belgium, Canada, Denmark, France, Germany, Greece, Hong Kong, India, Italy, Japan, Korea, Malaysia, New Zealand, Norway, Singapore, South Africa, Sweden, Switzerland, Taiwan, Thailand, United Kingdom, and various indices like U.S. 100 and U.S. 500.

Source: Reuters. Other data from Reuters and AP.

Last Week's Markets

All figures are as of close of trading Friday

Table with columns for Stock Indexes, Money Rates, and other market data. Includes entries for DJ Indus, DJ 30, S & P 500, FT 30, Nikkei 225, Commerzbank, Hang Seng, and various money rates like Discount rate, Federal funds rate, Prime rate, and Bank base rate.

As the Oil Dwindles, U.K. Economy Faces Stern Test

By Warren Getler

LONDON — In one of the harshest tests of its economic recovery, Britain is expected to revert to the status of a net oil importer by the early 1990s.

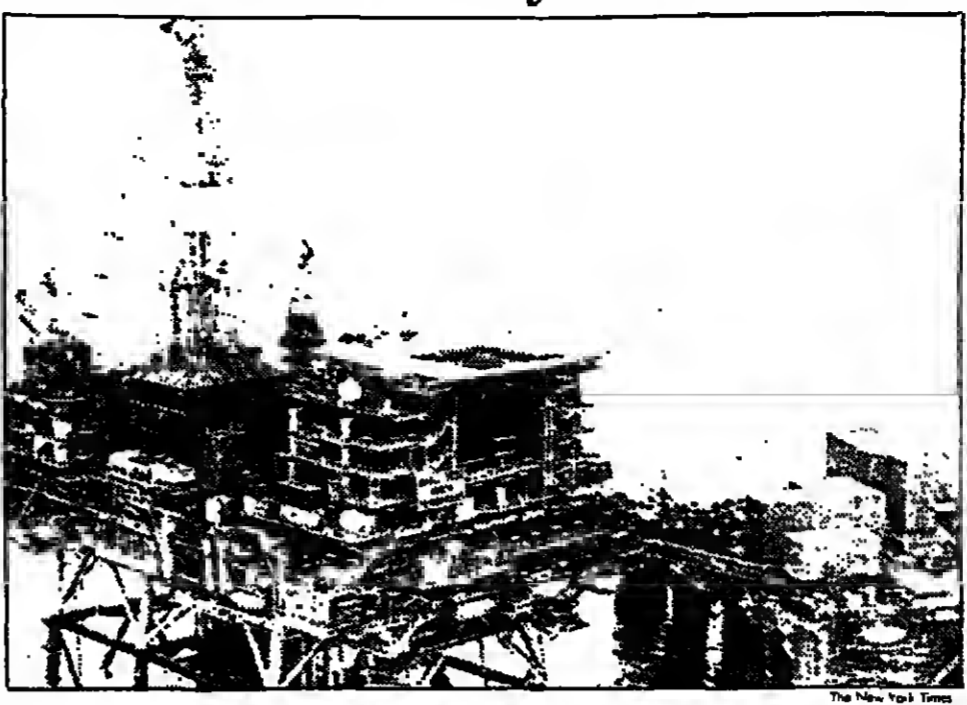
For the moment, government and industry officials are not taking an alarmist view of the steady decline anticipated in North Sea oil production over the next five years. But they are bracing for the consequences.

The prospect of relying on OPEC oil in the 1990s for some of Britain's energy needs is not viewed as a compromise of the nation's independence. Britain was a net importer until mid-1980. It is the speed at which the country may have to revert to that status that may create some discomfort.

The decline in output over the next five years could significantly harm Britain's overall trade balance. It also raises questions about the soundness of the government's budget, future oil company profits and the prospects for more than 40,000 Britons working in the North Sea oil industry.

The issue is not that Britain faces an imminent end to its supply of light Brent crude from the North Sea, where production began in the mid-1970s. With close to 8 billion barrels of proven oil reserves remaining, Britain will produce crude well into the next century, according to industry estimates.

What does await Britain is a long-term trough in production,



A British rig drilling for oil in the North Sea.

the result of the high costs of exploration and discovery in a well-exploited oil region.

"The government's been aware for a long time that North Sea oil production will enter a gradual decline, beginning this year," said Roger Williams, a spokesman for Britain's Department of Energy.

"We are aware of the need to maintain the impetus for exploration and development," he said.

"But it must be said that we have the most responsive oil tax regime in the world; oil companies probably pay less tax on their North Sea operations than anywhere else."

But John Smith, an economics spokesman for the Labor Party and a former oil minister, argues that the Conservative government of Prime Minister Margaret Thatcher has not moved quickly

enough in weaning the economy away from dependence on the North Sea's oil and gas riches.

"North Sea oil has been a huge advantage to Mrs. Thatcher," he said, although "she has been slow to acknowledge that."

But in the future, North Sea oil will be relatively less important," Mr. Smith said. "This is why we need to build a stronger See OIL, Page 11

Banks Have Dug Out of Debt Crisis, but Developing World Is Still Mired

By Hobart Rowen

WASHINGTON — The conventional wisdom in U.S. banking circles, strongly supported by Treasury Secretary James A. Baker 3d, is that the Latin American debt problem is under control, and that there is little danger that it will trigger the kind of economic disaster once thought possible.

"My view is that we're in considerably better shape than we were in August 1982," Mr. Baker said in an interview, "and that the principles that underlie the case-by-case approach are still very valid, if you're going to solve the problem on the private side."

"It's easy for anybody to say that we ought to solve the debt problem on the official side: That puts it on the taxpayers of the creditor countries," Mr. Baker said.

But has the crisis really been resolved? Richard Feinberg, vice president of the Overseas Development Council, said, "In terms of 1982 versus 1987, I'd say that the banks have dug out from under. But paradoxically, the borrowing countries are still mired in debt."

Although commercial banks, under the strategy devised by Mr.

Baker, were supposed to increase their exposure to Third World loans relative to their total business, Mr. Feinberg said the banks had been gradually reducing their Third World exposure ratio. For the debtors, that means their ratio of loans to gross national product, their total output of goods and services, has been declining.

"People who look at the problem from the banker's side tend to feel that, 'Well, you know, we're making gradual progress,'" said Mr. Feinberg. "And that's right: the banks have been making gradual progress. But people who look at it from the debtor-country point of view see unresolved problems."

Brazil's declaration early in 1987 of a moratorium on paying the interest on \$68 billion it owes to commercial banks came as a shock. It destroyed the illusion that, somehow, things would right themselves. Economic growth in Brazil in 1986, halted by some as evidence that the system was working, has stalled.

Nonetheless, Mr. Baker said, the international financial system is "on sounder footing," because the banks have increased their capital and reserves, and the International

Zambia Announces Recovery Plan

Compiled by Our Staff From Dispatches

LUSAKA, Zambia — A 3.3 billion kwacha (\$412.5 million) economic recovery program, replacing an abandoned International Monetary Fund plan, has been announced by the government.

The program is aimed at attaining economic growth of about 2.2 percent in Zambia by the end of next year. The government abandoned an IMF austerity program on May 1 in protest at its severity. The government said its plan was designed to curb inflation, which has been running at up to 50 percent, and to stimulate growth by directing scarce foreign exchange into priority sectors. The program is supposed to gradually end access to free medical care and education, slim down the civil service and restrict consumption of imported goods.

"We must eat what we produce," President Kenneth Kaunda said Saturday in a television broadcast launching the plan. He said foreign exchange would be managed as a "strategic resource."

Mr. Kaunda called for assistance from donor countries, the IMF and the World Bank in the new program. "The theme of this strategy is growth from our own resources," he said. "This does not mean, however, that Zambia no longer requires external assistance or support."

Monetary Fund, World Bank and commercial banks "have demonstrated their support for debtor reform efforts to improve growth and are working closely together to ensure continued progress on the debt problem."

Essentially, Mr. Baker wants to

Fed Eases Debt-Equity Swap Rules

NEW YORK — In announcing that it would permit U.S. banks to acquire 100 percent of Third World companies, the Federal Reserve has provided an important mechanism for dealing with the debt crisis, according to bankers.

But bankers noted that the economic environment in the Third World was still hostile for investment, and that banks would be unwilling to exchange billions of dollars of their loans for shares in local companies.

Others noted that there still were restrictions on foreign investments in that sector and added that in any case, banks might not want to own 100 percent of nonfinancial companies because they had little expertise in operating them.

But the bankers said that after the Fed's decision, which was announced Wednesday, lenders would begin swapping more of their debt for equity. The Fed's Regulation K had limited the banks to equity stakes of 20 percent.

An acceleration of debt-equity swaps would reduce the interest burden in developing countries.

The banks hope that in getting equity in return for debt, they will get dividends and appreciation of the company's value or a higher price on the local stock exchange.

The move last week "reflects the Fed's willingness to look at alternative approaches to the Latin debt crisis," said Richard Keller, a senior vice president at Security Pacific Corp.

Citicorp's chairman, John S. Reed, said the bank hopes to reduce its Third World exposure — now more than \$10.2 billion — by billions of dollars in coming years. One way to do that, Mr. Reed said at the time, would be to take equity in lieu of principal payments. Bankers Trust New York Corp. said Thursday that further liberalization of Regulation K was necessary. Among other restrictions, the Fed ruling said that banks must sell their investments within five years of acquiring them, and the companies being acquired must be in the process of converting to private ownership from public.

How to Refill a Loan-Loss Cushion

By Eric N. Berg

NEW YORK — Now that the major U.S. banks have used up most of their cushion against loan losses to account for problem Latin American loans, how are they going to rebuild it?

That has become a central question in banking circles in the aftermath of the decision by the banks last quarter to build their reserves for loan losses to account for problem Latin American loans.

The buildup in the reserves resulted in an aggregate second-quarter loss for the 15 largest banks of \$10.8 billion, the largest industry loss since the Depression. In terms of return on assets, a key measure of bank profitability, the banks lost an average of \$4.14 for every \$100 invested in the business.

The addition to reserves came from the banks' shareholders' equity, their cushion against loan losses that is the excess of assets over liabilities. For some banks — notably, Bank of America, Manufacturers Hanover Trust Co. and Citibank — the reserve buildups reduced common shareholders' equity relative to assets to less than 3 percent. In the past, the percentage for big money-center banks has been 5 or more.

So just about all banking experts agree that the level of equity in the banking system has become uncomfortably thin, if only because further reserve buildups, to account for additional Latin loan problems, may follow. Two schools of thought have emerged to describe what the banks will likely do about this.

One school says that the banks, under pressure from regulators, will be forced to sell stock before the end of their debt for equity. The Fed's Regulation K had limited the banks to equity stakes of 20 percent.

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Previously, all products, regard-

less of quality, were included in official calculations of output.

The quality control plan does not yet fully apply to the construction industry, notorious for its low standards. This sector increased output by 2.5 percent from January to July.

Only 72 percent of industrial enterprises fully met their delivery contracts in the first seven months of 1987, the official figures show.

Labor productivity rose by 3.6 percent against the like period of 1986, below the 5 percent recorded in January to July last year.

However, Western economists

view this index with caution as the Soviet definition of productivity is broader than that used in the West.

Production of oil, the main earner of the Western currency needed to import grain and high technology and industrial equipment, reached 362 million metric tons (398.2 million short tons) from January to July, 2 percent above the 354 million tons a year earlier.

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Manpower Inc. Rejects Bid by Blue Arrow PLC

CHICAGO — Manpower Inc., the world's largest temporary services company, has rejected a \$1.2 billion takeover bid by British-based Blue Arrow PLC.

However, Manpower did not rule out being acquired if a higher offer were presented, and said Saturday that it would seek to enhance its value for shareholders through acquisition of a large company.

Manpower's board unanimously rejected an inadequate Blue Arrow's \$75-a-share offer for each of its approximately 16 million common shares outstanding, according to a statement from Manpower's headquarters in Milwaukee.

It said the board recommended that shareholders refuse the offer. On Friday, Manpower shares closed at \$74.75 on the New York Stock Exchange, dropping \$1.25 in anticipation of developments from the directors' meeting.

On Saturday, the board also directed management to prepare a shareholder rights or similar plan designed to protect shareholders against an acquisition of the company at an inadequate price. Such plans are generally known as "poison pills."

Blue Arrow is the biggest employment agency in Britain. But it

is much smaller than Manpower, which operates around 1,400 offices in 34 countries, half in the United States.

Launching the offer on Aug. 4, Blue Arrow said it would be financed through an \$837 million (\$1.33 billion) 5-for-2 rights issue, twice the company's capitalization.

In an interview, Manpower's president, Mitchell Fromstein, said the company wanted "to develop the opportunity to acquire a company of substantial size for stock whose business is strategically related to ours; who will have a strong performance, track record; and who will have good current earnings."

"We have spent the past week speaking to a number of companies who fit that description," he said, without identifying the companies.

Mr. Fromstein said Manpower would "listen to companies interested in acquiring us at a higher price than that being offered," and would pursue the possibility of restructuring.

The Manpower president traveled to London last week to seek new bidders for the company.

Mr. Fromstein said Blue Arrow bought 125,000 shares of Manpower on July 14.

the "Baker 15" pledged to undertake basic economic policy changes to assure economic growth.

The 15 countries are Argentina, Bolivia, Brazil, Chile, Colombia, Ivory Coast, Mexico, Morocco, Peru, Uruguay, the Philippines, Ecuador, Nigeria, Venezuela and Yugoslavia.

In tune with Mr. Baker, William R. Cline of the Institute for International Economics argues that while some new techniques may be called for to mobilize the flow of money to debtors, the basic strategy followed since 1982 is still the right one, although he concedes that the "impressive" adjustments made by debtor countries have often also been painful.

Specifically, Mr. Cline rejects the idea that "the time has arrived for programs of widespread debt forgiveness," as suggested by a banker, Felix Rohatyn of Lazard Freres; Senator Bill Bradley, a Democrat of New Jersey, and others in Congress.

Senator Bradley has contended for the past year that "piling new debt on top of old" only adds to the problem.

Senator Bradley's plan is based on forgiveness of 3 percent of the

principal and 3 percent of the interest per annum over three years.

Also showing concern about current developments is Michel Camdessus, the new managing director of the International Monetary Fund. He believes it will take longer to resolve the debt problem than was once believed and that efforts must be stepped up, especially in Africa, where the debt totals are less dramatic than in Latin America, but potential consequences are equally serious.

Over the past five years, most of the 15 countries under the Baker plan have not been able to achieve sustained economic growth.

Ten of the largest ones now have a combined deficit of \$13 billion on current account, a broad measure of trade performance.

The bottom line, as Mr. Feinberg sees it, is that there is now a "mega-lyve" flow of funds to the poor countries: The Third World is actually sending back around \$30 billion a year to the rich world, mostly in interest payments.

The optimists who side with Mr. Baker believe that a recent \$2 billion bank package for Argentina

See DEBT, Page 9

SAVE & PROSPER FAR EASTERN FUNDS S.A. NOTICE IS HEREBY GIVEN THAT: 1. The Directors have declared the payment of a dividend of US\$0.0054 per share in respect of the year ended 30th June 1987. In order to receive the dividend holders of bearer shares must submit Dividend Coupon No. 6 to the office of the Administrator, Save & Prosper (Jersey) Limited, PO Box 73, 45 La Motte Street, St Helier, Jersey, Channel Islands or to one of the designated agents of the Fund listed below: (a) The Bank of NT Butterfield & Son Limited, Hamilton, Bermuda. (b) The Hongkong and Shanghai Banking Corporation, 99 Bishopsgate, London EC2P 2LA. Payment of dividends against presentation or tender of dividend coupons will constitute absolute proof of the discharge by the Fund of its liability therefor. 2. A number of dividend payments represented by bearer shares have still not been claimed for the following distributions: (a) First dividend paid in US dollars on 15th August 1984 in respect of the year ended 30th June 1984 US\$0.075 per share (submit Coupon No. 2 in order to claim). (b) Second dividend paid in US dollars on 15th August 1985 in respect of the year ended 30th June 1985 US\$0.105 per share (submit Coupon No. 3 in order to claim). (c) Third dividend paid in US dollars on 15th August 1986 in respect of the year ended 30th June 1986 US\$0.057 per share (submit Coupon No. 4 in order to claim). 3. Holders of bearer certificates are reminded that in order to claim for the sub-division of shares in the Fund by the issue of seven new shares for every one held as at 30th June 1987 they should return Dividend Coupon No. 5 from each certificate to the Fund's Administrator. Immediately on receipt thereof, bearer shareholders should claim the dividend for the year ended 30th June 1987 by returning Dividend Coupon No. 6 from each certificate to the Fund's Administrator. 4. The Annual Ordinary Meeting of Shareholders will be held at Thirty Cedar Avenue, Hamilton, Bermuda on 4th September 1987 at 12 noon for the following purposes: (a) To receive the Report of the Directors and the Financial Statements for the year ended 30th June 1987. (b) To appoint auditors at a rate of remuneration to be decided by the Directors. (c) To fix the number of and to elect Directors. (d) To determine the remuneration of the Directors. (e) To transact any other business of an Annual Ordinary Meeting of Shareholders. By Order of the Board J O CAMPBELL Secretary

Blackie's House of Beef When in Washington, D.C. meet me at Blackie's House of Beef Adjacent to the Washington Metro at OUR 41st YEAR.

Table with columns for Bid, Ask, and other market data. Includes entries for Alan Jones Pit Stop, Bitter Corp., Chiron, GoodWork Foods, MAG Holdings, NAV-AIR, and Spectraevy.

New International Bond Issues

Compiled by Laurence Desmettes

Issuer	Amount (millions)	Mat.	Cou. %	Price	Price and week	Terms
FIXED-COUPON						
DFC Finance Overseas	\$132	1992	8 1/2	100	—	Coupon payable in New Zealand dollars. Redemption at maturity will be 65% in U.S. dollars and 35% in NZ dollars. Noncallable private placement, Fees 1.5%.
Nordic Investment Bank	\$100	1991	8 1/2	100 1/16	99.51	Noncallable. Also 50,000 warrants, to be priced at 35% minimum, exercisable on March 27, 1991 only, into 8 1/2% notes due 1994. Fees 1.5%.
Den Norske Creditbank	NK 300	1994	10 1/2	99 1/2	—	Noncallable. Fees 1.5%.
Elaportfinans	NK 250	1992	10 1/2	101 3/8	99.38	Noncallable. Fees 1.5%.
Svenska Handelsbanken	NK 350	1992	10 1/2	101 1/2	—	Noncallable. Additional NK250 million available for a 2-yr top. Fees 1.5%.
Bayernhypo Finance	CS 65	1992	10 1/2	101 1/2	99.50	Noncallable. Fees 1.5%.
Berliner Bank	CS 75	1991	10 1/2	101.30	99.80	Noncallable. Fees 1.5%.
BfF Bank Finance	CS 60	1992	10 1/2	101 1/2	99.63	Noncallable. Fees 1.5%.
GMAC Canada	CS 100	1992	10 1/2	101 1/2	99.25	Noncallable. Fees 1.5%.
Banque Générale du Luxembourg	Aus 50	1990	13 1/2	101 1/2	100.25	Noncallable. Fees 1.5%.
Bardays Austria Finance	Aus 50	1991	14	101 1/2	100.70	Noncallable. Fees 1.5%.
BNP Pacific	Aus 50	1990	14	101.80	100.50	Noncallable. Fees 1.5%.
WestLB Finance	Aus 50	1990	13 1/2	101 1/2	101.00	Noncallable. Fees 1.5%.
BP Capital	NZ 60	1990	17	101 1/2	99.88	Noncallable. Fees 1.5%.
Commonwealth Bank of Australia	NZ 50	1990	17 1/2	101 1/2	100.00	Noncallable. Fees 1.5%.
EQUITY-LINKED						
Asahi Glass	\$200	1992	open	100	99.00	Coupon indicated at 2%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at an expected 25% premium. Fees 2.5%. Terms to be set Aug. 24.
Furukawa Electric	\$150	1992	3 1/4	100	103.00	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at 75¢ per share and at 152.15 yen per dollar. Fees 2.5%.
Sumitomo Construction	\$50	1992	3	100	—	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at 75¢ per share and at 152.75 yen per dollar. Fees 2.5%.
Tosho Marine & Fire Insurance	\$200	1992	open	100	98.50	Coupon indicated at 3 1/2%. Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at 75¢ per share and at 152.15 yen per dollar. Fees 2.5%.
Tokoda Chemical Industries	\$80	1994	4 1/2	100	99.00	Noncallable. Each \$5,000 note with one warrant exercisable into company's shares at 75¢ per share and at 152.15 yen per dollar. Fees 2.5%.
Yasuda Trust & Banking	\$100	2002	open	100	99.75	Coupon indicated at 1.5%. Convertible at an expected 2% premium. Fees 2.5%. Terms to be set Aug. 20.
Deutsche Bank Finance	DM 750	1993	5	125	—	Noncallable. Each 5,000-mark note with 2 warrants exercisable into shares of 1992, into a total of 9 Deutsche Bank AG shares at 650 marks each, a 4% discount. Fees 2.5%.
Associated Newspapers Holdings	£50	2002	6	100	—	Convertible at \$11.20 per share, a 25.50% premium, into 8 shares of Reuters Holdings PLC. Fees 2.5%.
Grand Metropolitan	£100	2002	6 1/4	100	100.50	Callable at 101 in 1992. Convertible at 675 pence per share, a 20.97% premium. Fees 2.5%.

BUSINESS ROUNDUP

Harcourt Restructuring Brings \$70 Million Loss

The Associated Press
NEW YORK — The U.S. publisher Harcourt Brace Jovanovich Inc. has reported a second-quarter net loss of \$70.8 million, largely because of costs associated with a \$3 billion restructuring that thwarted a hostile takeover.

The loss in the three months ended June 30 compared with earnings of \$10.91 million, or 31 cents a share, to the year-earlier period, the company said Friday. Revenue rose 31 percent to \$408.7 million.

For the six months ended June 30, Harcourt posted a loss of \$98.5 million, compared with earnings of \$3.45 million, or 10 cents a share, in the first half of 1986. Revenue was \$740 million, up 35 percent.

Faced with an unfriendly bid by

British Printing & Communications Corp., which is controlled by Robert Maxwell, Harcourt said in June that it would recapitalize, pay out about \$1.67 billion in cash dividends to shareholders and assume \$1.3 billion in new debt.

Harcourt's chairman, William Jovanovich, assailed Mr. Maxwell's takeover attempt as "preposterous." In its aggressive effort to remain independent, the company also said it would undertake a far-reaching austerity program that includes asset sales, staff reductions, cancellation of philanthropic activities and wage freezes.

Mr. Maxwell dropped the bid last month after a U.S. judge rejected a claim by British Printing that the Harcourt plan was illegal.

Figured into the results released Friday were \$98.9 million for expenses related to the plan and an \$11.2 million charge for the purchase and retirement of debentures.

Harcourt, based in Orlando, Florida, is one of the world's oldest publishers of textbooks and other educational materials. It also owns and manages theme parks and insurance companies.



William Jovanovich

GM and Chrysler Incentives Will Apply to Pickup Trucks

The Associated Press
DETROIT — General Motors Corp. has expanded its buyer incentive program to include compact pickup trucks, a move matched by Chrysler Corp.

GM announced Aug. 5 a program of incentives including 1.9 percent financing or rebates of up to \$2,000 on about 90 percent of its passenger cars. Ford followed with car incentives the next day and Chrysler a day later.

GM's announcement Friday adds the Chevrolet S-10 and GMC S-15 pickups and Chevrolet Blazer and GMC Jimmy sport-utility vehicles to its program. Rebates on the trucks range from \$500 to \$1,000.

Chrysler said it was responding with a 1.9 percent rate for 24-

month loans on its Dodge Dakota and Dakota S mid-size trucks. Buyers can opt instead for a \$1,000 rebate on the Dakota and a \$500 rebate on the Dakota S.

From Aug. 1 to Aug. 10, GM's truck sales leaped 50.4 percent over the year-ago period to 41,959.

But a spokesman, Harold Jackson, said that the largest U.S. automaker decided to add the trucks to the incentive program because "this is a very highly competitive market and we are anxious to move these models."

Also Friday, Chrysler's American Motors Corp. subsidiary announced interest-free financing on 24-month loans in addition to rebates on its Renault Alliance, Encore and GTA models. All buyers get a \$500 rebate — the only offer of both rebates and low loan rates.

Mesa-Led Group Seeks Talks With Newmont Mining

Compiled by Our Staff From Dispatches
WASHINGTON — Ivanhoe Partners, an investment group that has said it may seek control of Newmont Mining Corp., said it wants to meet with Newmont's management and Consolidated Goldfields PLC, which holds 26 percent of Newmont.

In a filing Thursday with the Securities and Exchange Commission, the investment group, which is led by Mesa Limited Partnership, said it had acquired 9.1 percent of Newmont for \$379 million.

A letter from the partnership to Newmont's chairman, Gordon Parker, said, "We would welcome the opportunity to meet with you to discuss alternatives for advancing the objectives of all parties."

A similar letter was sent to London-based Consolidated Goldfields. Both letters were signed by T. Boone Pickens, the Texas oilman who heads Mesa. Mesa holds a 45 percent interest in Ivanhoe Partners. The remaining interests are held by affiliates of NRM Energy Co., Harbert Corp. and Galactic Resources Ltd. (Reuters, N17)

Mellon Bank Executive Gets His Wish And Is Laid Off in Cost-Cutting Drive

The Associated Press
PITTSBURGH — A Mellon Bank vice president who recommended elimination of his job to help cut costs at the troubled bank has been laid off, according to bank officials.

Dennis C. Eisenreich left his job last Wednesday, said Sandra McLoughlin, a spokeswoman. He had worked for the bank for 11 years, most recently as head of its small business division.

Mr. Eisenreich suggested that his job be eliminated after Mellon's new chairman, Frank V. Cahouet, asked department heads to suggest ways to reduce payroll expenses. Last week, Mr. Cahouet said the bank planned to eliminate 1,800 to 2,000 jobs in an effort to restore profitability. Mellon posted a first-half loss of \$626 million this year.

In a memo to his department's employees earlier this month, Mr. Eisenreich said that he had recommended "the elimination of my job. Considering the cuts required, my limited management responsibilities... and my own uneasiness, I feel the logical place to begin cutting is at the top."

Sony Considers Shifting 25% Of Production Out of Japan

Reuters
MANAMA, Bahrain — Sony Corp. is considering moving 25 percent of its production capacity out of Japan to address the financial problems posed by appreciation of the Japanese yen, its president, Norio Ogha, said Saturday.

Sony's net profit fell to 13.26 billion yen (\$88.3 million at current rates) in the period from Nov. 1, 1986, to March 31, 1987, from 20.13 billion yen in the year-earlier period. The decline was attributed to the surging yen, which made Sony products more expensive outside Japan, and severe competition, which cut the company's market share.

"We are moving 25 percent of our production outside Japan, but this is not finalized," said Mr. Ogha, who was in Bahrain for a company marketing conference.

The Sony executive said that before the yen began to appreciate significantly two years ago against other currencies, especially the U.S. dollar, the company was producing only 10 percent of its output outside Japan. He said some production would be shifted to South-

east Asia, the United States and European countries.

He added that in the second half of Sony's fiscal year 1987-88, which ends March 31, the company would start to record positive results. But he declined to make a financial forecast.

Sony executives said sales in the Middle East were picking up after a drop of 10 percent in the first half of calendar 1987.

Lamour Rejects Bid From Alberto-Culver
United Press International
MINNEAPOLIS — Lamour Inc., a maker of hair-care products, has rejected a sweetened takeover bid from Alberto-Culver Co., that values Lamour at \$144 million.

Lamour's board said Friday that the proposal was not adequate and in the best interest of shareholders. Alberto-Culver, which on Nov. 27 offered \$22 per share in cash for Lamour's shares, raised its offer last Monday to \$24 per share. Alberto-Culver already owns 7 percent of Lamour's 6 million shares.

EUROBONDS: Market Takes Trade Deficit in Stride

(Continued from first finance page)

to exports is also open to interpretation, economists say. One contention involves the dollar, which fell Friday because the trade deficit reflects both a growing supply of dollars abroad and the need for further falls in the currency to improve the trade balance.

"Some economists emphasize that a lower dollar would help exports but would boost import prices and thus cause inflation. It also would discourage foreign buying of U.S. Treasuries, demand that is necessary if the government is going to fund its massive budget deficit without driving up interest rates.

Another view is that a large trade deficit will produce an economic slowdown, with little danger of the inflation that bond investors loathe, because exporters and producers for the domestic U.S. market will have to curtail expansion and even reduce operations.

With the major central banks of industrialized democracies pledged to keep exchange rates stable, some bond dealers said that this second interpretation appeared to gain converts late Friday. Another U.S. indicator released Friday, July industrial production, added a further dimension to the argument.

This figure showed a higher-than-expected 0.8 percent jump, following gains of 0.4 percent in June and 0.7 percent in May. For some bond market economists, who believe that such strong growth will also boost inflation, the industrial production figure confirmed the gloomy market assessment based on the trade data.

John Lipsky, of Salomon Brothers Inc., is one of them. The trade

figures, he said, "were just plain bad across the board," and indicate the difficulty in improving the trade balance with the dollar's current exchange rates and the strong domestic demand for imports.

Referring to the poor trade figures, a weaker dollar and strong industrial production, he said:

Robert Brusca of Nikko Securities, pointing to a jump in U.S. industrial output, suggested that a trade correction is under way.

"It's hard to see on a fundamental basis that that's good for the bond market."

Mr. Lipsky, like other economists questioned, said that the modest 0.2 percent rise in July U.S. wholesale prices announced Friday indicated that inflation remained under control. The gain matched the June increase and was below May's 0.3 percent rise.

But he said that the trend was unlikely to last. Mr. Lipsky predicted consumer price increases of 5 to 5.5 percent on an annual basis by the end of the year, compared with an annual rate of 4.3 percent in June.

The trade and production figures, and evidence of renewed concern in several countries over infla-

tion, suggest that the top central banks may need to shift their emphasis away from currency stability and begin thinking again about tightening monetary policy.

Mr. Brusca of Nikko Securities said, however, that he was largely disregarding the trade numbers because they were not adjusted for seasonal variations and do not reflect more current developments. "I think we should assume that the correction is going on in trade," he said. He pointed to the higher industrial production figures as evidence.

With the moderate rise in wholesale prices, "The inflation news is really very good, and I think that's what the bond market's looking at," he said. U.S. industry capacity should be able to absorb fresh demand, he added. "I don't think we have a homogeneous variety of inflation right now."

Coupled with the poor performance of a Tokyo bond market jittery over inflation, he said, these figures create "a great environment for bonds" in the short term. He predicted that the yield of the 30-year bond would fall to 8 1/2 percent within two weeks, near the mid-July level.

As for upcoming Eurobond offerings, syndication managers said that Belgium was expected to raise as much as \$400 million with a five-year bond priced about 50 to 55 basis points over an equivalent U.S. Treasury issue.

A major U.S. corporation is also likely to tap the market for \$200 million to \$250 million, paying 30 to 40 basis points over Treasuries depending upon whether the maturity is three or five years.

London Stock Snarl-Up: Good News for the Back-Room Boys

By Steve Lohr
New York Times Service
LONDON — In the social pecking order of the London securities industry, the back-office workers have always been the proletariat, several rungs below the salesmen and traders of the front office in status and salary. The flamboyant dealers had the Porsches, the Chelsea apartments and six-figure salaries, while the denizens of the back office had pub lunches and low commutes.

Yet the standing and pay of the once-lowly "back-room boys" are soaring as a belated by-product of London's Big Bang deregulation last year.

Since the London markets opened up, stock trading volume has nearly tripled, creating a huge snarl-up in the industry's back offices, where buy and sell orders must be matched up, loved and settled.

By now, the backlog of unsettled trades has snowballed to an estimated \$9 billion, four times the level less than a year ago.

The delays, costs and risks of the logjam have prompted increasing concern from industry executives and stock exchange officials who warn that the problem could push some securities houses into bankruptcy, especially if the buoyant London market falls sharply.

And because back-office problems increase dealing costs for investors, it could undermine the Thatcher government's drive to broaden stock ownership and make Britain a "shareholding democracy."

Some securities executives are quietly urging the government to delay the sale of its 31.7 percent stake in British Petroleum Co., slated for this fall, for fear that it will dangerously increase the settlement backlog.

London's troubles are similar to the settlement difficulties Wall Street went through in the late 1960s, when beleaguered back offices got so far behind that the market was shut down every Wednesday for months to catch up. But Wall Street soon adopted automated methods to



Employees at the London Stock Exchange.

take much of the paper shuffling out of back office operations. For London, the settlement snarl comes at a bad time, just as it is striving to persuade investors worldwide that it is the most efficient center for international share trading.

"Firms have come to recognize that the money made in the front office can be lost in the back office," said William Dwyer, director of administration for Phillips & Drew, a London brokerage.

Back-office workers now find themselves being courted by headhunters bearing lucrative salary offers and "golden handcuffs," special payments to get them to stay at a particular company.

The head of settlements for the brokerage arm of a major British bank said he had been called by recruiters eight times in the past three weeks, offering to more than double his salary to roughly \$200,000 a year.

"The back office is certainly where the demand is now," said Clive Blomfield-Smith, managing director of Directorship Appointments, a recruiter for the securities indus-

try. "The front office has always had all the glamour and the rewards, but that is changing."

The going rate for back office staff has doubled to just over a year, according to industry officials.

In the approach to deregulation last October, the emphasis in hiring and spending on systems was in the sales and trading operations. To some degree, that made sense because those areas are the ones that generate revenue. Besides, the huge jump in turnover that created the problem was a surprise to most dealers.

Settlement problems were aggravated by huge stock sales, including the privatization of British Gas and Britain's biggest private share offering, that of Trustee Savings Bank, which created millions of small shareholders.

At Phillips & Drew, like most London securities houses, 60-hour work weeks have become routine for the back-office staff. In addition, it has increased its equity-settlement group by 50 percent to more than 150 in less than a year. And Phillips & Drew is looking to hire more people.

But experienced people are in short supply. Like most of his peers, Mr. Dwyer blames "a system of physical delivery that is totally archaic in this day and age."

Brokers and dealers point to several bottlenecks, but the practice of physically delivering share certificates and other paper forms is the main culprit. Buyers, sellers, brokers, market-makers, registrars and the stock exchange all handle certificates and forms to process a transaction.

The stock exchange has set Aug. 28 as the deadline for member firms to settle large transactions outstanding. After that date, the exchange said it will fine firms for transactions worth more than £100,000 (\$159,000) that have been outstanding for more than four weeks.

Meanwhile, the stock exchange is working on a computer system, called Taurus, an electronic book-entry system that will replace written proof of registration. But it will not be ready until 1989 and, stock exchange officials say, requires a change in British company law to be used.

DEBT: Banks Dig Out, but Third World Is Still Mired

(Continued from first finance page)

believes the contention that the banks are pulling out. They believe a similar new package will be fashioned for Brazil, and that a new "men's" approach modifying the Baker plan will proliferate.

This approach allows the commercial banks to shift some of their outright loans into debt-equity swaps, or "exit bonds," or any number of other formulas that will keep bank investment growing in the Third World.

Critics of the Baker strategy are skeptical that the "men's" options, by themselves, will be enough. They argue that the banks are retreating from their major financing role in the developing world.

Instead, they think that the World Bank, the IMF and other development banks must bear an increasing share of the burden of lending to the Third World.

The unspoken implication of that is precisely what Mr. Baker fears: If the private sector withdraws, governments, and thus ultimately taxpayers, will bear an increasing share of the burden of Third World lending.

Under current policy, if no changes are made, the IMF will be a recipient of large net repayments this year and next from the Latin debt bloc, including \$2.1 billion from Brazil alone, according to Rimmer de Vries of Morgan Guaranty Bank.

The IMF also will be receiving almost \$2 billion a year from Africa, which in effect is recycled to the World Bank.

So something new is likely to shape up for Africa, with the IMF in the lead.

The World Bank boosted its loans to the major Latin American borrowers by \$1 billion last year, but in the view of many, it should do more.

Mr. De Vries said that both the IMF and the World Bank should be able to jump into the void left by the commercial banks. The IMF not only has available a reflow of money from older loans, but can tap Japan's wealth, that country having offered to lend the IMF large sums out of its current account surplus.

Japan is also making funds available to debtors through its own Export-Import Bank, and through the World Bank and the bank's concessional affiliate, the International Development Agency.

The Baker plan moved from emergency, short-term fixes to the concept that regenerating economic growth in key debtor countries was at the heart of the problem.

It also displayed an understanding that the big industrial nations, through the World Bank and IMF, had a responsibility for assuring a continuing flow of money to the Third World.

But whether the plan will be

enough over the next few years continues to be a subject of debate. What seems clear is that the commercial banks, regardless of what they say publicly, are fed up with the Baker plan.

Horst Schulmann, director of the Institute of International Finance Inc., the official Washington lobby for big bankers, indicates that his clients are gun-shy from rollovers, reschedulings and actual losses. Now, they want to pick their spots for new loans.

"What we are saying is that if conditions are right, if there are sound projects, there is a lot of money in international capital markets that can be mobilized," Mr. Schulmann said in an interview. "But the developing countries will have to compete with all the others, and make it attractive for commercial lenders."

Those who have trouble reading between those lines only have to consider the action by Citibank and other banks earlier this year in setting aside large loan-loss reserves for Third World debt.

The logical explanation is that major banks have finally faced the reality: Many of their Third World loans carried at full value are worth only a fraction of the original debt, or will not be paid off at all.

Surely, then, the commercial banks will resist new loans, whatever their pro forma support for the Baker plan.

BEIRUT: Leaders Fear Revolt if Subsidies Are Halted

(Continued from Page 1)

lion, a record low. Subsidies for gasoline and wheat imports are costing the Treasury about \$50 million annually.

The merger foreign exchange holdings are a major hindrance to the central bank as it seeks to influence the free foreign exchange market in Beirut. The Lebanese pound traded last week at about 225 pounds to the U.S. dollar, compared with 14 pounds in 1985.

The country has considered such drastic measures as selling one-fifth of its gold reserves to prop up the ailing currency.

The pound has lost 80 percent of its purchasing power over the past two years. The lack of resources and buying power has made life even more difficult for the Lebanese, whose energy has already been drained by long civil strife.

Workers take time out from their jobs to wait in long lines for gasoline for their cars. Homemakers spend hours at bakeries in hopes of buying bread for their families.

Most Lebanese economists and experts from the International Monetary Fund say that discontinuing subsidies is the only way to halt the drain on the Treasury.

Mr. Naim, the central bank governor, met IMF officials in Cyprus earlier this month.

Politicians, however, are afraid that ending subsidies would provoke a revolt. The national labor confederation, with 300,000 members, has threatened to call an indefinite strike if the subsidies are lifted.

The labor alliance is also demanding a 110 percent increase to wages retroactive to Jan. 1 to compensate for inflation. The confederation has released statistics indicat-

ing that consumer prices rose by 129 percent in July alone.

President Amin Gemayel and other Christian leaders, noting that the government has not been meeting for the past 18 months, say that the economic crisis can only be attributed to political strife.

Muslim officials still refuse to meet under President Gemayel and hold him responsible for failure of efforts to reform the Lebanese political system.

The Lebanese Front, an alliance of Lebanon's main Christian political groups, militia and prominent figures, demanded last week that a new cabinet be formed to deal with the country's economic dilemma.

Prime Minister Rashid Karami, a Muslim, was assassinated June 1 in a bomb explosion aboard a military helicopter as he was flying from northern Lebanon to Beirut. Finance Minister Camille Chamoun died Aug. 7 of heart failure.

Amid the political disunity, there is no consensus on how to attack the economic problems. The proposal by Salim al-Hoss, the acting prime minister, to sell one-fifth of the gold reserves and use the proceeds to stabilize the pound ran into immediate opposition from Christians last week.

Joseph al-Hashem, the acting finance minister and a close adviser to Mr. Gemayel, said that the value of the Lebanese pound would immediately plummet an additional 20 percent if one-fifth of the gold reserves were sold.

Lebanon holds 9.2 million ounces of gold valued at \$4 billion at current international rates. Mr. Hoss proposes that the 20 percent held at Fort Knox, in the U.S. state of Kentucky, be sold on the open market for \$800 million.

The gold constitutes 84 percent of the backing for the Lebanese pound. There is fear that any remaining confidence in the currency would be shaken if any even a fraction of the gold were sold.

The Lebanese parliament has adopted a resolution prohibiting any dealing in the gold reserves without approval of the majority of legislators.

Mr. Hoss, who is Muslim and who holds a doctorate in economics from the University of Indiana, argues that the Lebanese currency is intrinsically solid because of the size of the country's gold reserves.

In addition to the \$800 million that could be used by the central bank to intervene in the foreign exchange market, he said, the Lebanese Treasury could earn \$60 million a year in interest from the sale.

London Futures Exchange Suspends 9 For Violations and Fines Their Firms

Reuters
LONDON — The London International Financial Futures Exchange, after an investigation of apparent rule violations, said it had fined five member firms and barred nine individuals from trading for periods of up to a year.

The heaviest fine, £25,000 (\$39,730) was imposed on Cargill Investor Services Ltd., the British brokerage arm of Cargill Inc., the exchange said Friday.

The firm's former floor manager at the exchange, Keith Catepole, was suspended from trading for a year. Another former Cargill employee, Julian Sbelbourne, was fined £2,500 and suspended for a month.

The exchange said that Mr. Catepole and five other traders had sought to transfer members' profits abroad through purported trades between July 1985 and January 1986.

Cargill Investor Services said in a statement that it did not benefit from or condone the activities of Mr. Catepole and Mr. Sbelbourne. But the firm said it accepted the findings of the inquiry.

Among the other penalties was a £20,000 fine on the futures firm Jordans Ltd.; a six-month suspension for a trader of the firm, Barry Heath; and a four-month suspension for Terry Crawley, another Jordans trader.

The chief executive of the exchange, Michael Jenkins, said that clients of exchange members had not been damaged by the rule violations.

INTERNATIONAL POSITIONS		
You will find below a listing of job positions published last Thursday under the rubric International Positions.		
TITLE	SALARY	EMPLOYER
HORSE TRAINER		The Department of Civil Servants Affairs of Finance & Petroleum, State of Qatar.
TREASURY MANAGEMENT	£200,000+ bonus & benefits	Price Waterhouse.
COMMERCIAL DIRECTOR	£35,000+ car + benefits	PA Personnel Services.
INT'L MARKETING		Hoggett Bowers.

If you haven't seen last week's INTERNATIONAL POSITIONS rubric, please ask for a free copy: Max Ferrero, INTERNATIONAL HERALD TRIBUNE, 92521 Neuilly Cedex, France. Tel: (1) 46.37.93.81. Telex: 613395

NASDAQ National Market

OTC Consolidated trading for week ended Friday, Aug. 14

Main NASDAQ table with columns for Sales, High, Low, Close, and Net Change. Includes sub-sections A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z.

Mutual Funds

Figures as of close of trading Friday, Aug. 14

Mutual Funds table listing various funds with columns for Name, Assets, and other metrics.

American Exchange Options

Figures as of close of trading Friday, Aug. 14

American Exchange Options table with columns for Option & price, Calls, Puts, and other details.

Vertical text on the right edge of the page, including 'DL: As Pro' and 'NASDAQ'.

Handwritten Arabic text: "هذا من لاس" (This is from Las)

OIL: As Production in the North Sea Declines, Britain Will Face a Severe Test of Its Economic Recovery

(Continued from first finance page) manufacturing economy, one that does not depend on the North Sea...

senior economist with the Confederation of British Industry. "On the other hand, if the price rises and stays above \$20, a number of smaller fields will be developed...

activity, they will not arrest the decline in U.K. production. "Since 1980, Britain has managed to export more crude in value terms than it has had to buy from foreign sources...

per day. That compares with present oil surplus levels of about £4 billion. The halving of the oil surplus resulted almost entirely from a plunge in oil prices to levels of about \$10 for much of 1986...

manufacturing export performance, yielding a current-account deficit of £1 billion to £1.5 billion, according to industry estimates. The Conservative government recognizes that North Sea oil is a depreciating asset...

£1.4 billion the previous year. Because of cost cutting and better-than-expected tax receipts from a streamlined manufacturing sector, Britain's Treasury was able to report a budget deficit for the fiscal year that was more than £3 billion below original estimates...

er, is not relying on the vagaries of oil price movements. In an attempt to soften the impact of the projected decline in North Sea oil production, the government recently approved legislation providing tax relief to companies that maintain interests in regional oil and gas development projects...

counted for in strategic planning and is not likely to alter profit forecasts. "The problem of North Sea production is mainly macroeconomic," said Mr. Unsworth of Smith New Court. The government "cannot go out and acquire oil reserves in other parts of the world to offset the effects on the economy of declining production in the North Sea..."

The forecast decline in output raises questions about the trade balance, the government's budget, oil company profits and prospects for 40,000 Britons working in the North Sea oil industry.

cessfully the economy can replace a steady decline in oil exports with manufacturing exports, said Michael Unsworth, an oil analyst with the brokerage Smith New Court PLC. Indeed, in 1984-85, the contribution of revenue from North Sea oil maintained a surplus in Britain's current account, which measures trade in merchandise and services, and masked a stark deterioration in manufacturing trade.

have a huge current-account deficit or more than £2 billion for the first half," said Geoffrey Dennis, an economist with James Capel. Britain posted a small £37 million surplus in its current account for the first half. Despite a plunge in Britain's oil trade surplus to £4.2 billion last year, the country posted a current-account deficit of £120 million, narrower than earlier projections.

trade balance and to government revenue. Oil's contribution to tax revenue dropped to about 3 percent in the fiscal year ended March 30 from about 9 percent in fiscal 1985. In fiscal 1986, the government was faced with an oil-revenue crunch years ahead of its own projections because of a sharp fall in prices. While oil production levels in the North Sea stayed relatively constant in fiscal 1987, the fall in crude prices cut oil tax revenue to £4.5

any rise in oil prices could provide a cushion for government coffers in the medium term, he added. The British government, however, is not relying on the vagaries of oil price movements. In an attempt to soften the impact of the projected decline in North Sea oil production, the government recently approved legislation providing tax relief to companies that maintain interests in regional oil and gas development projects...

But companies operating in the North Sea, where 65 percent of production is foreign-controlled, say that the recent measures are inadequate, considering that the plunge in oil prices halved profits of companies operating in the North Sea last year. "There's a limit to what the U.K. government can do," said Gareth Davies, an oil analyst with brokers Wood MacKenzie & Co. "The major determinant of the timing of new developments is upward movement in the oil price."

Earlier this month, British Gas PLC continued the industry trend of expanding operations beyond the North Sea by making its first acquisition as a private company. The giant gas utility agreed to purchase a one-third interest, with an option to increase that stake to 51 percent, in Bow Valley Industries Ltd, one of Canada's top oil and gas exploration companies. Other medium-size companies such as Ultramar PLC and Lasso PLC also have spread their oil and gas production base beyond the North Sea.

NASDAQ National Market

Table with columns for stock symbols, prices, and changes. Includes sub-sections for OTC Consolidated trading and various stock categories.

Main NASDAQ table with multiple columns for stock symbols, prices, and changes. Includes sub-sections for OTC Consolidated trading and various stock categories.

SPORTS

SPORTS BRIEFS

Mansell Easy Victor in Austrian Grand Prix

ZELTWEG, Austria (AP)— Nigel Mansell of Britain marked his 100th Formula One race with an easy victory in Sunday's Austrian Grand Prix.

Espinoza Knocks Out Ayala, Retains Crown

SAN ANTONIO, Texas (AP)— Louie Espinoza knocked out Mike Ayala in the ninth round Saturday to retain his World Boxing Association junior featherweight title.

Seahawks Sign Bosworth for \$11 Million

SEATTLE (AP)— Brian Bosworth signed an \$11 million, 10-year contract package late Friday with the Seattle Seahawks of the National Football League.

VANTAGE POINT/Thomas Boswell Mid-August: Time for Serious Football

Washington Post Service

WASHINGTON — At 8 P.M. on Friday, traffic here was backed up. Horns blew as far as the ear could hear and adults leaned out car windows to jaw with police.

Washington Post Service
WASHINGTON — At 8 P.M. on Friday, traffic here was backed up. Horns blew as far as the ear could hear and adults leaned out car windows to jaw with police.

players, men in motion and play-calling-by-the-coach.

"There's no time to do anything," said the coach. "It's a circus. The TV pressure [to speed up games] has everybody going bonkers. It's driving everybody crazy."

"The Redskins will be one of the first to send off a letter. You're leery about subs. You don't even want to send a man in motion. It takes a

With the 40-second clock, you might have to line up the same 11 men play after play, with no shifting or motion, and let the quarterback call his own plays. Remember Lombardi football?

lot of things out that you work so hard to put in," he added. "If we gotta cut something out, we take out the point after touchdown, take out anything. But this is..."

Did we mention awful, ridiculous, crazy and a disaster? If the new clock (a two-touchdown underdog in the early line) is adopted, coaching staffs might not be able to sleep at the park during the week, putting in that vital extra 60 hours of preparation. You might have to line up the same 11 men play after play, with no shifting or motion, and let the quarterback call his own plays. Remember Lombardi football?

The other guaranteed hot topic for the next month is the chance of a Big Trade. Doug Williams, Jeff Bostic and someone else of Al Davis's choice for an Oakland Raider linebacker.

If adopted by league vote in three weeks, it might hurt the Redskins more than any NFL team. How much? It could scrub half of Gibbs's complex system of substitutions, situation-role

And be named a town which I won't name. It probably isn't Indianapolis.

"I've got to roll with the punches, abide by the rules," said Williams, 32, who threw one pass — incomplete — in the entire 1986 season.

Williams awaits the next few weeks with relief. As more and more Washington defenses get hurt, the Williams-as-insurance-policy theory may seem less pressing than the linebacker's attraction reality.

"We've got a lot of good receivers like Deke Holloway, Eric Yarber and Ricky Sanders. One of them could go somewhere."

"Next week, [third-string quarterback] Matt Rypien will probably play and he's looked very good. He might add some more to the situation." Williams said after playing two quarters Friday night — his longest stint in two years.

When you've thrown 93 touchdowns passes at Grambling, 73 in the NFL and dozens in the USFL, your competitive juices bubble after you go 8-for-16 for 102 yards and a game-winning touchdown.

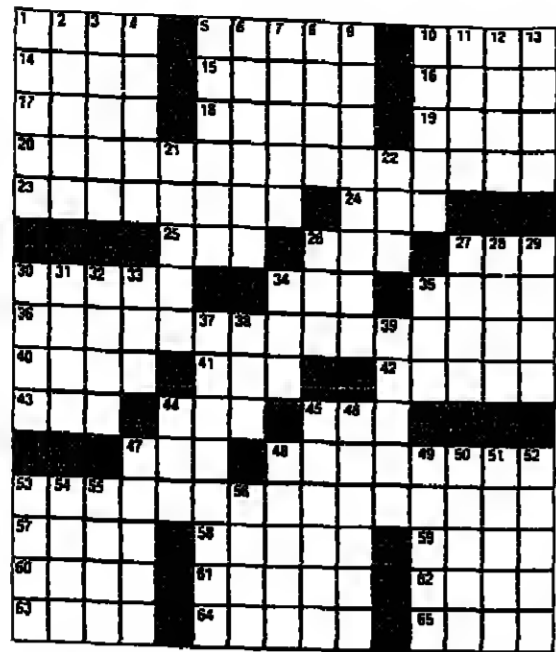
A dozen NFL scouts watched the Redskins, many of them drawn by Williams and Bostic, the one-time Pro Bowl center who's 28 and healthy but deemed too tiny at 267 pounds (117.7 kilograms). What would they wish on the market? Especially if Rusty Hilger doesn't pan out as the Raider's quarterback?

"I don't think the Redskins could get a top linebacker for two second-rounders," said New York Giant General Manager George Young, scouting his rivals. "I wouldn't be interested in a deal like that. I don't think anybody else would either."

Or does he just hope that nobody else would either?

It's August, so Redskins mania is upon us. With clocks and trades to discuss, with Joe Theismann's memoirs to read and sprained knees to fret over, it's enough to make a person reful of the old tranquilizer prescription.

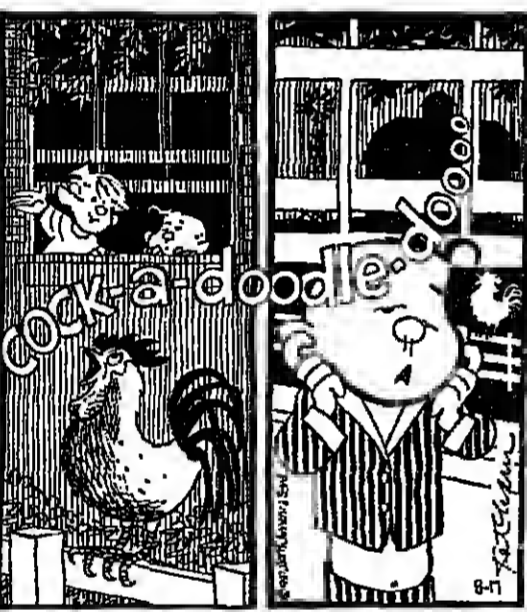
How will we stand it when the real games start?



ACROSS
1 Post
5 Irish feeder
10 Farm unit
14 British composer: 1710-78
15 Oneness, in Urdu
16 Get an F on an exam
17 Algonquian Indian
18 Evita or Juan
19 Russian saint
20 Presley song in "King Creole": 1958
23 Surpasses other vendors
24 — de mer
25 Certain butterflies
26 Capture
27 One-horse carriage
30 Years
34 Gopher's norm
35 Collier, slang
36 Elvis's TV debut song: 1956
40 Competent
41 Daily record
42 Overweight
43 However
44 Crow sound
45 Sgt.'s concern
47 Help
48 Affluent
53 "Elvis" —, 1970 film
57 Juno, to Plato
58 Kins
59 Husband of a Udiite
60 Cupid
61 Runs away
62 Good
63 Habit
64 Charon's vessel
65 Roman boy
26 Ewe sound
27 Garden portia
28 Currier's partner
29 High wind
30 Melville
31 Philippine island
32 Sentry's word
33 Poet's before
34 Cribbage item
35 Chore
37 Rocket launching vessel
38 Spit
39 In an angry way
44 Romaine
45 Tin-lead alloy
46 Elegant; slang
47 Commence
48 North Sea feeder
49 Traffic jam
50 Hokkaido port
51 Solemn song
52 Famous physician
53 Miss Liberty, to a sailor, e.g.
54 Blood; Comb. form
55 Part of Presley's signature
56 In good health

© New York Times, edited by Eugene Malachuk.

DENNIS THE MENACE



HE'S THE ALARM CLOCK HERE, JOEY. "HOW DO YA TURN HIM OFF?"

JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

Jumble puzzle grid with words STUGE, YOSUL, LAIVES, FARREY and a scrambled word game.

Answer: ABOUT

Friday's Jumbles: BISON LOWLY ARCTIC GALLEY

Answer: When he says he'll meet you promptly, his promise may carry a lot of "WAIT"

WEATHER

Weather forecast table with columns for Europe, Asia, Africa, Latin America, North America, Middle East, and Oceania.

Solution to Friday's Puzzle

A grid puzzle solution with words like SALIC, MEDIAL, SATINON, etc.

Quotable

• Golfer Paul Azinger, on his success on the PGA tour this year: "All those guys that used to beat me in high school and college, boy, I'll bet they're really having a hard time believing this."
• Tom Cousineau, the San Francisco 49ers' linebacker, asked whether he majored in basket-weaving at Ohio State University: "No, something much simpler: journalism." (LAT)
• Steve Howe, the Texas Ranger pitcher who is attempting a comeback after drug problems: "Fans are fans. The ones who give you the hardest time have had 12 beers and don't know what park they're in." (AP)

PEANUTS



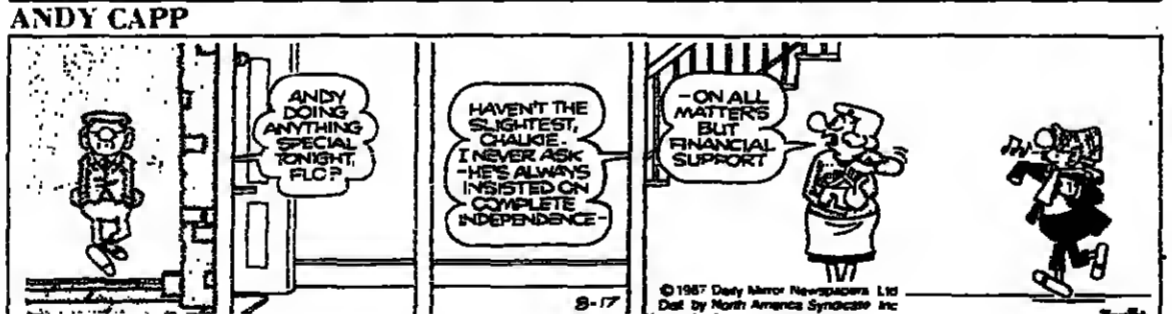
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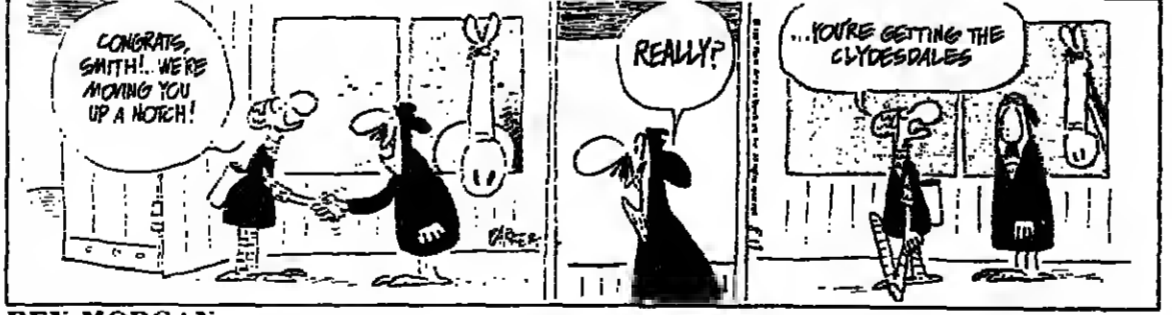
BETLE BAILEY



ANDY CAPP



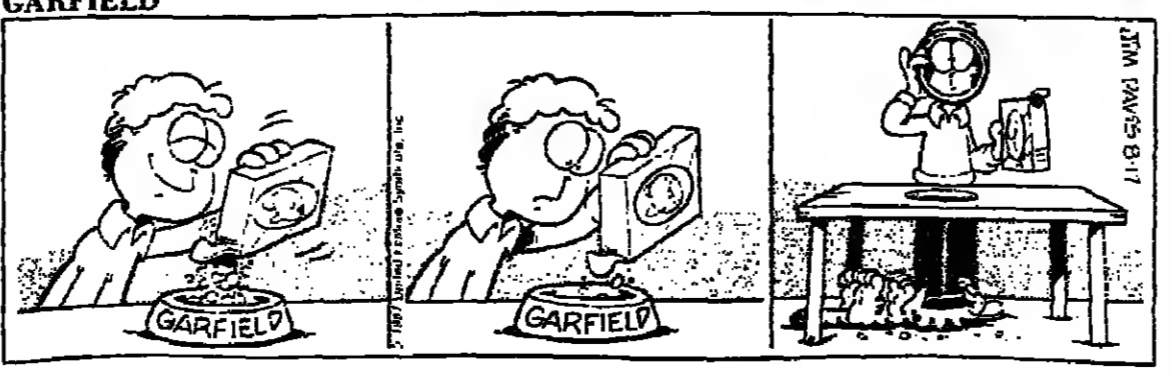
WIZARD OF ID



REX MORGAN



GARFIELD



WORLD STOCKS IN REVIEW / Via Agence Franco-Press

Amsterdam

The Amsterdam Stock Exchange continued to gain last week, with the CBS general index closing Friday at a record of 334.1, against 327.5 the previous Friday.

According to Amsterdam stockbrokers Kempen & Co., this week is likely to bring a new record high.

Frankfurt

The Commerzbank Index set a year's high of 2,056 last Monday, before profit-taking, especially by foreign investors, depressed prices on the West German stock exchange.

Volume on the eight West German exchanges totaled 26.92 billion Deutsche marks, against 33.80 billion the previous week.

The week began with the Hang Seng hitting a new high of 3,543.76 on Monday, after scoring three records in the previous five sessions.

Hong Kong

Hong Kong's Hang Seng index made sharp gains early last week, only to lose ground amid profit-taking, to close Friday at 3,512.15, down 24.04 on the previous week.

The week began with the Hang Seng hitting a new high of 3,543.76 on Monday, after scoring three records in the previous five sessions.

London

Economic indicators, notably trade figures that showed a substantially narrower deficit in June, prompted a rally among equities and gilt on the London Stock Exchange last week.

Good gains were spotted among leaders, helped by news that Nomura, the Japanese securities house, is to start market-making in 10 top British stocks on Aug. 24.

Milan

The Gulf crisis, coupled with uncertainty about the longevity of the current Italian government, combined to depress Milan stocks, which closed the week 3.63 percent down.

There was some recovery Wednesday, as the government denied suggestions that it would force up interest rates to protect the lira. But small losses Thursday and Friday testified to the market's caution.

Paris

The Paris Bourse moved lower during the first part of the week, but finished on a positive note with a rise of 0.5 percent on Thursday and a 2.2-percent jump on Friday.

The week, traditionally among the slowest of the year due to August vacations, began badly because of the sudden rise of European interest rates.

On Thursday, some positive British views of the Paris market helped prices rise a bit, and Friday brought a startling 2.2 percent jump in

Singapore

Profit-taking hit quality stocks last week in Singapore, in a holiday-shortened week.

Trading began on a cautious note Tuesday after Monday's national holiday. A brighter forecast of possible 7.2 percent growth for the Singapore economy this year, compared with an earlier prediction of 3 percent to 4 percent, failed to pick up sentiment.

Tokyo

The Tokyo Stock Exchange advanced strongly last week, buoyed by a record-breaking performance on Wall Street.

The main market barometer, the 225-jape Nikkei Stock Average, gained 693.06 yen to close at 25,491.01 yen Friday, after the previous week's climb of 312.84 yen.

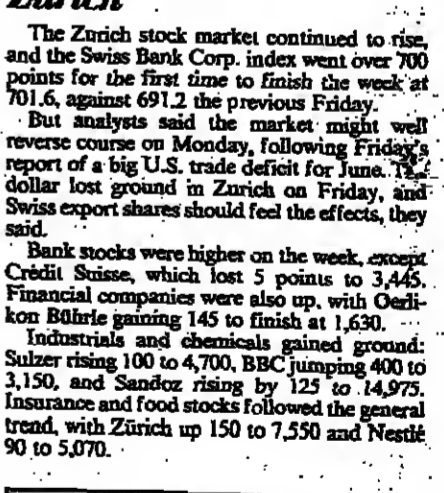
Zurich

The Zurich stock market continued to rise, and the Swiss Bank Corp. index went over 700 points for the first time to finish the week at 701.6, against 691.2 the previous Friday.

Bank stocks were higher on the week, except Credit Suisse, which lost 5 points to 3,445. Financial companies were also up, with Oetikon Buhle gaining 145 to finish at 1,630.

Insurance and chemicals gained ground: Sulzer rising 100 to 4,700, BBC jumping 400 to 3,150, and Sandoz rising by 125 to 14,975.

COMBINED CURRENCY STOCK INDEX GRAPH



Source: Schindler & Partner AG, Zurich, Amsterdam

SPORTS

Phillies Beat Cardinals, 4-3, as Rawley Wins 15th

ST. LOUIS — Juan Samuel singled the seventh with a two-hitler and a 2-1 lead. Bill Glenn Wilson singled and, after Rick Schu forced him at second, Steve Lutz doubled and Tudor walked pinch hitter Ron Roenicke to load the bases. Samuel followed with his line drive to center to score Schu and Lutz.

Rawley, in winning his seventh straight, tied Rick Sutcliffe of the Chicago Cubs for most victories in the National League. He gave up four hits in six innings, including Jack Clark's home run during a two-run first. Clark led off the ninth with his 32d homer, off Steve Bedrosian, but with Jose Oquendo on second base, Bedrosian retired John Morris

on a fly to center for the final out. The Cardinals' John Tudor entered the seventh with a two-hitler and a 2-1 lead. Bill Glenn Wilson singled and, after Rick Schu forced him at second, Steve Lutz doubled and Tudor walked pinch hitter Ron Roenicke to load the bases. Samuel followed with his line drive to center to score Schu and Lutz.

SUNDAY BASEBALL

Raies, the first Expo to hit for the cycle since Tim Lincecum in 1976, led off the seventh with a double and scored on Mitch Webster's single. Herm Winningham walked and one out later, Andres Galarraga hit a grounder through second base man Johnny Ray's legs to score Webster. Foley then homered on the first pitch from Brad Gideon.

Rich Yett and Doug Looes held the Yankees to four hits and Cleveland won on Cory Snyder's run-scoring double in the eighth inning. The Yankees have lost 11 of their last 15 games. Ron Guidry was the losing pitcher, despite allowing only eight hits and an unearned run in eight innings.

Mike Easler drew one-out walks, but Jones then struck out Gary Ward and retired Don Mattingly on a routine fly to left. Red Sox 12, Rangers 2: In Boston, rookie John Marzano hit two two-run homers and doubled against Texas, while Spike Owen and Ellis Burks each hit one two-run homer and Wade Boggs, with his fourth four-hit game this season, raised his batting average to .371.

Pagliarulo's Homer Helps Yanks End 5-Game Skid

NEW YORK — Mike Pagliarulo moved into the cleanup spot Saturday night and belted the New York Yankees to a 4-3 victory over the Cleveland Indians.

SATURDAY BASEBALL

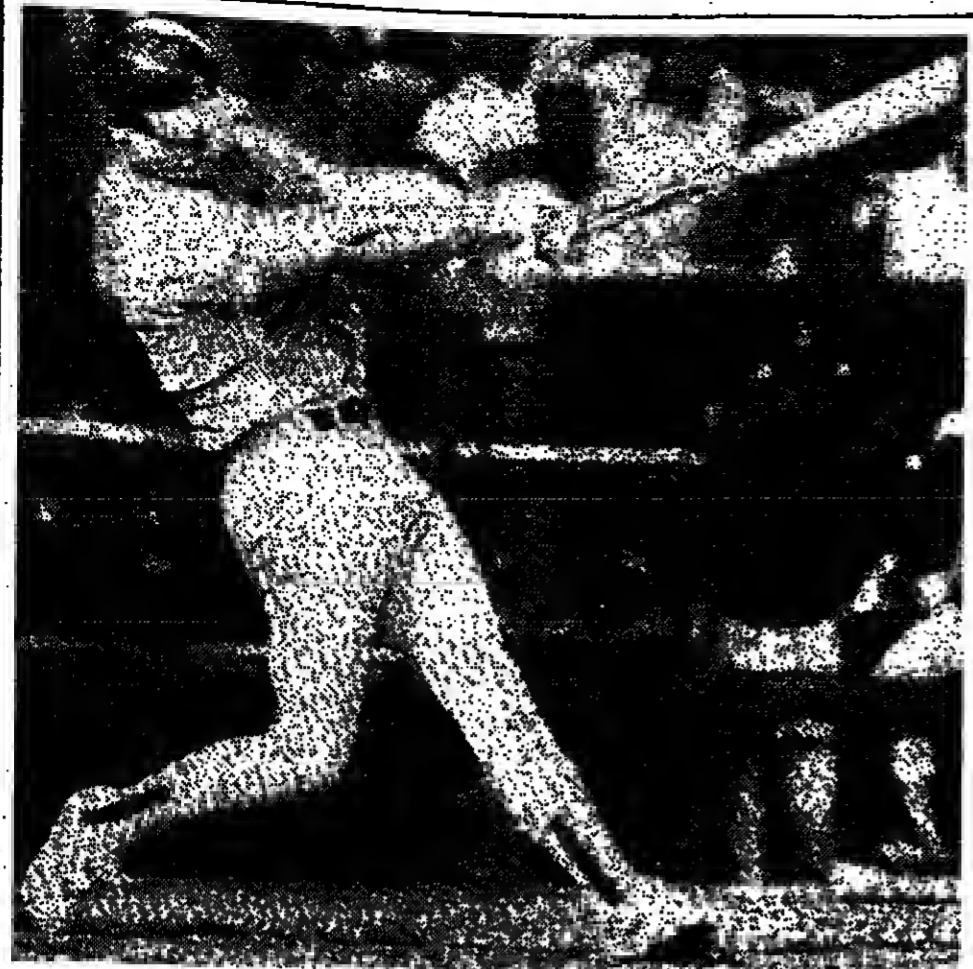
Yanks end a five-game losing streak as he hit his 25th home run this season and batted in three runs during an 11-2 victory over the Cleveland Indians.

"I pitched inside more tonight," Rasmussen said. "I established my inside fastball early and it set up my curve. I decided that if I was going to get beat, it would be with my good fastball, not my batting practice fastball where I let up on it."

White Sox 1, Blue Jays 0: In Toronto, Ricb Dotson pitched a six-hitter to outduel Jim Clancy, who limited Chicago to two hits for eight innings but lost because, in the first inning, he walked leadoff batter Orzle Guillen, who stole second, got to third on Donnie Hill's ground out and scored on Harold Baines' ground out to first base.

Phillies 5, Cardinals 2: In St. Louis, Kevin Gross won his first start since umpires ejected him from a game for having sandpaper on his glove and Mike Schmidt hit two bases-empty homers and an RBI double for Philadelphia.

Blue Jays 6, White Sox 4: In Toronto, Lloyd Moseby drove in three runs with three hits against Chicago, the last a tie-breaking two-run homer in the seventh inning, and teammate George Bell batted in his 100th run this season.



McGwire Hits 39th, Breaking Major League Record

Mark McGwire of the Oakland Athletics, hitting his 39th home run this season in the sixth inning of Friday night's game against the California Angels, broke the major league record for rookies that was set in 1930 by Wally Berger of the Boston Braves and matched by Frank Robinson of Cincinnati in 1956. The Athletics beat the Angels in the 12th, 7-6, when Mike Davis singled home a run.

SCOREBOARD

Baseball

Friday's and Saturday's Major League Line Scores

Table with columns for team names, scores, and game details. Includes sections for American League, National League, and National League West.

Pan American Games

Gold Medalists

Table listing gold medalists in various sports including Archery, Diving, Cycling, Fencing, Gymnastics, Shooting, and Yachting.

Fights Erupt Beyond the Ring at Pan Am Games

By Malcolm Moran

INDIANAPOLIS — The tense coexistence between the Cuban delegation at the Pan American Games and opposition groups erupted late Friday night with a fight outside the boxing ring at the Convention Center.



Following Friday's unscheduled fistcuffs at the boxing arena, Indianapolis police tried to head off further disturbances by confiscating flags at the Cuba-United States baseball game.

Auto Racing

AUSTRIAN GRAND PRIX: Niki Lauda (Ferrari) won the 1987 Austrian Grand Prix at the Österreichischer Grand Prix Circuit in Spielberg.

Tennis

WIMBLEDON: Ivan Lendl (USA) defeated Boris Becker (FRG) in the final of the Wimbledon men's singles tennis tournament.

Transition

BASEBALL: American League announced the retirement of Doug Frobel, a former pitcher who played for the Cleveland Indians and Boston Red Sox.

Football

CFL Standings: The Canadian Football League (CFL) standings for the 1987 season.

European Soccer

ENGLISH FIRST DIVISION: Arsenal (England) won the English First Division football title.

Major League Standings

Table showing the current standings for the American League and National League.

Football

WEST GERMAN FIRST DIVISION: Borussia Dortmund (Germany) won the West German First Division football title.

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